

JPRS-EER-89-108  
25 SEPTEMBER 1989



**FOREIGN  
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# ***JPRS Report***

## **East Europe**

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25 SEPTEMBER 1989

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## HUNGARY

### MSZMP Supreme Court Chapter Disbanded

25000425a Budapest NEPSZABADSAG in Hungarian  
29 Aug 89 p 5

[Text] The Hungarian Socialist Workers Party [MSZMP] basic organization operating within the Supreme Court decided at its 28 August 1989 membership meeting to discontinue its operations. At the same time, it called upon the judges and employees of the Supreme Court to not establish political organizations in the Supreme Court.

### Dismissed Party Functionary's Featherbedding Protested

25000424e Budapest NEPSZAVA in Hungarian  
2 Sep 89 p 5

[Text] Open Letter to Lajos Urban, chairman and president of the Hungarian State Railroads [MAV].

Dear Mr President:

Workers of the MAV Building Construction directorate request your action with regard to the following matter.

Based on a Hungarian Socialist Workers Party [MSZMP] Central Committee [CC] resolution, the membership March 1989 discussed the matter of the party removing itself from the workplace. At that point some people questioned the need for an intermediate party committee at our workplace. Contrary to the opinion of several individuals, Janos Ficzer was confirmed in his post as junction party secretary.

Since then it has been decided that independent functionaries should not operate at the workplace, and thus Ficzer's post has become superfluous.

We have learned that effective 1 October, you, Mr President, have transferred Ficzer to become part of our directorate's staff. This takes place at a time when several of our administrative and technical colleagues have been laid off because their job functions have been discontinued. It is incomprehensible and unacceptable to us that the MAV leadership tries to rescue party functionaries with artificially created jobs. This step further deteriorates the leadership's credibility at all levels.

The party organization has begun to severely disintegrate within our directorate. A number of former party members have quit, but no one is interested in why this has happened. Attitudes are adverse, both party members and party outsiders regard this kind of party "exodus" from the workplace as immoral.

It is not our purpose to create further concerns for the railroad leadership which is already in a difficult situation, nor do we intend to create further problems for you. This is why we request that you rescind your decision.

We thank you in advance for your anticipated decision in our favor.

125 signatures of the MAV Building Construction Directorate.

### Reform Circle Comments on Street Name Change

25000371b Budapest NEPSZABADSAG in Hungarian  
21 Jul 89 p 5

[Text] Gyorgy Szanto, spokesman for the Budapest reform circle, made the following statement regarding the changing of the name of Ferenc Munnich Street and related press statements:

"Under no circumstances can one agree, at a time when we are trying to bring legal institutions to life in the process of transition to a constitutional state, with some persons, apparently confused about the difference between self-inspired and arbitrary action, taking actions which are in violation of laws. Self-governance may take place only within the framework of certain legal rules. Thus, if citizens present a proposal to change the name of a certain street, pursuant to prevailing law they may submit such proposals to the district council having jurisdiction, just as the Csepel organization of the Hungarian Democratic Forum [MDF] did recently. Anyone has the right to do so. In the event that such an attempt fails, persons desiring the change have the right to legal recourse. But the arbitrary repainting and damaging of street signs is totally unacceptable. It is very important that citizens, in an era when "freedom is expanding," enforce their rights with appropriate self-restraint, recognizing the fact that they are dealing with the self-advertisement of not overly well-known organizations, without serious membership. This is coupled with a demonstration at a well-chosen location.

"And let us add here: This was at a time when tens of thousands of people were walking in that area for a completely different purpose.... On the day of the burial.

"Yes, that was the first time they tried. But since then, covering the street sign and renaming the street have already taken place three times. Accordingly, the initiation of proceedings by the organs having jurisdiction is by all means appropriate. But in this regard the manner in which reform circles view the historical role of Ferenc Munnich is not of the essence. The issue pertains to something else, notably to the fact that the renewed evaluation of an entire era has not taken place, and which it is hoped will be made within a short period of time. Just as we have been urging for long that the MSZMP [Hungarian Socialist Workers Party] free itself from persons who compromise the party by virtue of their corrupt conduct and grave political mistakes. These persons represent a great liability to a party preparing itself for elections. This statement applies to living persons, of course. The evaluation of deceased persons should have taken place a very long time ago. But one should by all means condemn, regardless of who is involved, taking power in one's own hands in renaming

a street. This is the path of arbitrariness, which can easily deteriorate into persons administering justice on their own. We are convinced that the country, an overwhelming majority of citizens, wants to experience calmness in domestic political conditions. And also from a foreign policy standpoint it is in the fundamental interest of the country to progress toward stabilization rather than anarchy.

### **Lawyers, Enterprise Legal Counsels Feud Over Future Clientele**

25000329a Budapest HETI VILAGGAZDASAG in Hungarian 10 Jun 89 pp 51-53

[Article by Gergely Fahidi: "New Concept on Law on Legal Representation: Legal Counsels Deprived of Their Rights?"]

[Text] The Ministry of Justice is trying to unify the Hungarian system of legal representation by establishing a new type of legal practice, according to a recently published regulatory concept. While some lawyers regard the present situation as untenable, others are firmly opposed to certain parts of the proposal which are contrary to their particular interests.

Following the war and the left-wing turnaround, the politicians assigned the role of a scapegoat to the legal profession, which it relegated to the old "ruling classes." On the other hand, while it was obvious that lawyers would be needed even in the short term, the fate of this profession turned out to be not its termination, but rather its "repainting in socialist colors." In the process, the effects of which continued to be felt in the 1980's, this characteristically individualistic, intellectual, and free-spirited profession was collectivized in 1958 with the announcement that only persons registered by the Bar Association and accepted by one of its lawyer's work collectives could practice law. This dual discretionary authority lead to today's numerus clausus, that limited number in which it is as difficult and no less expensive to be included than it is for a physician beginning his career to be assigned to a Budapest medical practice. Until 1983 at least the theoretical possibility of private law practice existed, but only in exceptional cases, with special permission from the Minister of Justice. The 1983 Decree No 4, which has the force of law, closed even this small door, however. What was meant to be the socialist recasting of a legal practice initially deemed to be hostile thus lead to the evolution of feudalistic privileges. For a long time, only lawyers had the right to represent individuals. Now university lecturers, and to a limited extent, legal aid services and legal counsels working in legal counsel work cooperatives are authorized to represent individuals. Nevertheless only legal counsels may represent enterprises. The main question is this: Would it be possible to emancipate legal counsels who have the appropriate educational background and have passed the same examination as lawyers, and thus bring them to the same level as lawyers? In general the planned rule states that in the future, probably after

1991, there will be no distinction between legal counsels and lawyers. Instead there will be a unified legal profession with general authority to provide representation, whose members may be hired by both private individuals and organizations. Lawyers viewed today's theoretical possibility of having an unlimited number of legal counsel collectives as a limitation of their existential potential.

Compared to this concern, viewed from the vantage point of today's lawyers, it would be virtually catastrophic if the core of 2,000 lawyers presently sharing the individual client market were to be suddenly increased by almost 8,000 competitors. The regulatory plan now being debated within the profession contains a statement according to which any Hungarian lawyer with appropriate educational qualifications, having a practice and no criminal background, may pursue legal practice without limitation. But it also contains an odd provision: "The law should cover exclusively legal representation provided by lawyers and lawyers' organizations based on a legal relationship by authorization, and shall not apply to legal representatives acting by virtue of membership in an organization with obligation to work and to perform work. Only the members of the unified lawyers' organization are authorized to perform this function."

Depending on future regulations these two sentences may mean that enterprise legal counsels will be excluded from among those who may provide legal representation. Not only would they be barred from such activity as taking on a divorce case after working hours, but they may be limited to representing their enterprise in court only as legal representatives of the enterprise, rather than as lawyers. Justice Ministry division head Andras Kanizsai Nagy, who is in charge of drafting this legal provision, justified the distinction by saying that an employment relationship cannot be reconciled with the principles of the independence of lawyers and of competition neutrality. After all, a legal counsel can count on a secure income; furthermore, in regard to certain matters, he may be directed by the head of the enterprise. On the other hand, Kanizsai Nagy noted, enterprise lawyers want only the benefits, while not accepting the burden. They want the authority to proceed in individual cases, at the same time they are opposed to the idea of being appointed. (It is part of the right to defense that the court will appoint a lawyer at the state's expense for whoever is not able to pay a lawyer's fee. Court appointed lawyers receive very low compensation, however.)

Hungarian Economic Chamber legal and secretarial division chief Peter Komaromi also would invoke the idea of competition neutrality, only in the reverse. According to Komaromi, the fact that lawyers pocket many times the income earned by enterprise legal counsels may be attributed only to their monopolistic situation, and this will not change if discrimination against enterprise legal counsels continues. "What renders a lawyer more independent today than a legal counsel? The lawyer is bound by his existence and is directed by his client. The sole issue regarding this matter is that as a result of the fact



that within the legal profession only lawyers are directly controlled by the Ministry of Justice, a dual dependence has developed, and within the ministry a lawyers' lobby has evolved." If it were possible at this time to exclude thousands of enterprise lawyers from the right to provide legal representation, lawyers—legal counsels not having an employment relationship—would indeed face new competition in terms of lawsuits filed on behalf of individuals, but they would also gain access to the great market of the future, cases involving a business organization, according to Komaromi. In his view the issue pertains not only to the interests of enterprise legal counsels. The issue is of national concern. Namely, in suits involving business law almost exclusively only those lawyers could initiate proceedings who acquired experience in that field of law. An interesting future: Henceforth even the enterprise counsels would have to hire a lawyer?

In the end, however, this need not be of particular concern. If the worst comes to the worst, legal counsels and enterprises will have a way by which they change the existing employment relationship into a contractual arrangement. The person serving heretofore as legal counsel may establish a law firm, and may enter into an agreement with his old enterprise for the exclusive representation of that enterprise. The possibility that Dr Kiss' law office would be established in the old enterprise office of former legal counsel Dr Kiss, cannot be ruled out either.

#### **Workers Guard Role in Border Control Described**

25000425c Budapest NEPSZAVA in Hungarian  
29 Aug 89 p 11

[Text] Last Sunday the Hungarian Democratic Forum [MDF] board of directors issued a statement concerning the situation on the Western border. It was reported by the television, the radio, and the printed press. In its statement the MDF objected to the idea that "the Workers Guard has appeared on the borders."

The Workers Guard National Command feels that it is likely that the MDF leaders misunderstood the report. The Workers Guard has not just now appeared at the border. Instead, based on cooperative plans with the border guards, they have been there helping the border guards for almost 3 decades, taking part in the guarding of state borders and preventing border violations. This activity takes place not only on the Western border, but on all sections of the border. During the past 30 years several thousand Workers Guard members have performed border guard duty with the border guards. They have participated in many joint actions and have been instrumental in the apprehension of several thousand common criminals and persons who have violated the borders.

Council of Ministers Decree No 49 of 1978 is still in force today. It assigns guarding state borders as one of the duties of the Workers Guard, and Workers Guards

are trained to perform such duty. They are on duty in their free time, mainly on weekends—on Saturdays and Sundays.

#### **Calvinist Church Experiencing Revival**

23000221 Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 28 Aug 89 p 6

[Article by Viktor Meier: "Hungary's Reformed Churches—Awakened to a New Independence"]

[Text] Debrecen, August—Debrecen with its good 200,000 inhabitants is Hungary's second-largest city, but in this country the difference between the metropolis of Budapest with its 2 million people and the runner-up is enormous. "Number Two" is a likable, even lively provincial city where the sea of single-story cottages, appropriate to the location of the city in the middle of the Hungarian steppe, begins just beyond the little city center clustered about the elongated main square. A few factories, new thermal baths, and a tastefully decorated shopping center on the main square represent the modern element. As for the rest of it, one feels as if one were back at the turn of the century. Streetcars that have been retired from service in Budapest and given a second life here noisily heighten this impression.

And yet Debrecen is an important national center for Hungary. The country's Reformed Church has its seat here. The Great Church's neoclassical facade majestically closes off the lower side of the main square. Located behind it is the Reformed College with its chapel in which the Hungarian Chamber of Deputies adopted the declaration of independence from the Habsburgs in April of 1849. Right next to it is the secondary school which was built around the turn of the century and which was the only one left under the Church's jurisdiction throughout the communist period. Only now are four secondary schools being given back to the church—one of them in Budapest.

In 1949—the last time religious affiliation was included as a statistic in the national census—21 percent of all Hungarians declared themselves to be Reformed. In addition, there were 5 percent Lutherans and a few Unitarians. If one includes the Hungarians in neighboring countries, particularly in Transylvania, one can say that a third of the Hungarian nation is Protestant and that the Calvinist Reformed are the overwhelming majority of them. Not only that: The Reformed are considered to be the bearers of a "national" confession in contrast to the Catholic Church which, since "liberation" from the Turks, has traditionally been supportive of the Habsburgs. The Reformed Church has retained this reputation not least of all because of its powerful position in Transylvania which was able to maintain its autonomy throughout the Turkish period and thereby simultaneously preserve a Magyar national continuity. These days the Reformed Church, through its great assistance to the Hungarian refugees from Romania, is able to reaffirm this "national" reputation.

### The Reformation

A professor at the church's theological seminary, when asked why it was that Hungary had become such fruitful soil for the ideas of religious reformation at the time, referred to the Magyars' traditionally "unsettled" religious situation. In the 9th century, when the Hungarians began to doubt the efficacy of their shamans after their defeats in the west, they supposedly vacillated between the Byzantine and Roman varieties of Christianity. Stephan's decision about the year 1000 AD was allegedly a political one, and during the entire period under the Arpads a certain coexistence of influences from the West and from Byzantium prevailed. The Anjous did away with that. But then the Hussite idea came along and the Franciscans, who really should have opposed it, themselves became taken with the idea of a "democratic" predicant church as the common people wanted it. General humanistic influences and social conflicts between the nobility and the peasants immediately prior to the national catastrophe of the defeat at Mohacs at the hands of the Turks supposedly helped to prepare the soil.

The Reformation thus came to Hungary at the time of the Turkish penetration. The Turks, however, were more concerned with the financial productivity of their subjects than with their religious oscillations. As long as there was a native upper class, Luther's Theses, relying more heavily on authority and legitimacy, dominated. As the people were left to themselves, they lent their ears more and more to the itinerant preachers who were influenced from Geneva or Zurich. Due to the activity of Peter Meliuzs, Debrecen had become a center of this tendency—which subsequently triumphed in Transylvania—after 1560. With Bocskay and then with Bethlen, Calvinism had manifestly become the symbol of independence in the Principality of Transylvania—from the Turks as well as from the Habsburgs. Debrecen and wide areas of what is today East Hungary then belonged to Transylvania and this is the explanation for the deep-rooted establishment of Protestantism precisely in the eastern portions of the country today. The fall of the Principality of Transylvania and the failure of all the attempts to reestablish Hungarian national independence after the "liberation" by the Habsburgs then subjected Protestant Hungarians to the pressure of the Counter-Reformation. This resulted in serious losses for Protestantism of both denominations, particularly in the western areas of the country, and the situation was not alleviated until the Edict of Toleration issued by Joseph II.

### Experiences With Horthy

Simultaneously with tolerance began the rebirth of Hungarian Protestantism. Newer and larger buildings arose in Debrecen in place of St. Andrew's Church which burned down in 1802 and the at-the-time still small college. With its three naves converging on the central point, the interior of the Great Church, opened in 1819, is, despite Reformation sobriety, of monumental pretensions. Here in this central spot, where in a Catholic church the extended longitudinal nave with the altar would open out to the

back, a straight wall seals off the space. From this wall, in full view from all sides, projects the pulpit.

After their experiences with the Habsburgs it is hardly surprising that Protestants stood in the front ranks of the 1848 revolutionary movement. Following the evacuation of Budapest, the Chamber of Deputies convened in the college's chapel—smaller but just as soberly decorated in gray and white—from January to May of 1849. Small plaques designate the seats of certain of the more important deputies and members of the government, including that of Kossuth. On 14 April 1849, when the declaration of independence and the appointment of Kossuth as regent was to be announced to the people, the chapel was not sufficient—the parliament chose the Great Church for this historic act. Furthermore, one of independent Hungary's first acts was the proclamation of complete equality of the major religious confessions—the Catholics, Reformed, Lutherans, and Unitarians.

Members of the Reformed Church do not have the best of memories in regard to the Horthy period even though the regent as well as his most important aide and confidant, Count Bethlen, were members of the church. But after the Treaty of Trianon there were only 1.6 million Reformed Church members left in the shrunken little state—as opposed to 2.6 million in the old Hungary that had disappeared. That put the Reformed Church in the position of being a minority. Then there were conflicts because of the fundamentally conservative orientation of the Horthy regime which did not please the Reformed Church members as bearers of a rational liberalism. When a kind of quota system was adopted for Jews in the universities and in the academic professions under Horthy, many of them joined the Reformed Church. That did not prevent their representatives from later voting in the upper house for certain laws applying to Jews. Of course they only did this as long as expressly racist formulations, inspired by Germany, did not find their way into them. When the Jews were physically persecuted after Horthy was deposed by the Germans, assistance was then rendered by the Reformed Church as well.

In late autumn 1944, after Horthy's capitulation attempt, elements of the Hungarian forces succeeded in switching sides and Debrecen was occupied by the Soviets. Subsequently, the new Hungary's Provisional National Assembly and its first government convened in the chapel from late December until April 1945. Strangely, one encounters only a few memorabilia from this period. One of these is a photograph which prominently shows Imre Nagy, who at the time had just returned from Moscow, but of course it has no caption. Has the regime been miserly with the memories of those events in Debrecen because the expectation hung over them that postwar Hungary would be a democratic Hungary?

The history of the Reformed Church under communism has probably not been written in its final form yet. The wording in an official publication of the Reformed Church to the effect that certain elements had "arbitrarily" attempted to divert church leadership from its

"chosen path" and establish contact with "counterrevolutionary forces" in 1956, may well be somewhat antiquated. This "chosen path" was the one stipulated by the 1948 agreement which the state concluded with the Reformed Church—allegedly on the basis of the principle of a "free church in a free state." It was the first agreement of this kind and it was not until after 1950, after the trial of Cardinal Mindszenty, that a similar "agreement" was also concluded with the Catholic Church.

There is no word of protest over discrimination against the faithful or the persecution of other churches in the official publications of the Reformed Church. It appears as if many members of the Reformed Church considered communism to be a kind of punishment from God. In keeping with the doctrine of predestination which they adopted from Calvin and which at times seems to introduce an almost "un-Protestant" fatalism into their thinking and actions, they apparently considered any rebellion to be useless. The doctrine of predestination holds in essence that even on earth God gives to the faithful "signs" regarding the extent to which He allows them to partake of his grace. Thus it is said that some are given the feeling that they "rest in God," while others are given the feeling that they can do little which goes against their fate. The Reformed Church, with only its national tradition and its Presbyterian character, offered few possibilities to affect the course of events. A bishop, Janos Peter, served the Kadar regime as foreign minister.

#### Political Caution

Today even the Reformed Church regards itself as once again released from tutelage and to be an independent factor in the life of the nation. It now communes freely with its sister churches abroad, it wishes to build up its school system, and it is pleased that now religious instruction in the school system will soon be possible again not in the school itself, but, by appointment, through the pastor. The national role which the Reformed Church traditionally played and which is now also manifesting itself in the great concern about Hungarians beyond the country's borders, must not, it is said, be understood as nationalism. Caution is desirable in regard to the contemporary political situation. The leadership of the church, currently exercised by Dr Kocsis, the bishop who resides in Debrecen and is responsible for the regions east of the Tisza, has recommended to the pastors that for the time being they not identify themselves with specific political groups. Conversely, none of the new political groupings expressly appeals to the body of Calvinist thought.

### POLAND

#### Orange Alternative Leader on Protest Actions

23000218 West Berlin DIE TAGESZEITUNG in  
German 1 Aug 89 pp 14-15

[Interview with Krzysztof Skiba, activist in "Pomaranczowa Alternatywa" in Lodz, by Walter Bein and Markus Keller: "The Police Are a Work of Art"]

[Text] The "Pomaranczowa Alternatywa" ("Orange Alternative") is an independent Polish artist's movement which arranges street performances and "happenings" in such cities as Wroclaw, Warsaw, Lodz, etc., outside the bounds of "official culture."

Krzysztof Skiba, 26, is a student of the cultural sciences, with emphasis on the theater, in Lodz, Poland. He had been engaged in the publication of underground newspapers since the age of 17. He is a member of the environmentalist-pacifist civil rights movement "Freedom and Peace" in Gdansk. In 1985 he was jailed for 3 months for allegedly having distributed "subversive" literature at a rock festival in Jarocin. In early July he visited the FRG at the invitation of the Giessen General Student Committee. He brought with him a copy of Jaroslaw Debinski's video about the The Orange Alternative, which had been shown in May at the Oberhausen film festival, and some of his own videos showing some activities of the Orange Alternative in Lodz.

[TAGESZEITUNG] Skiba, you are one of the leaders of the "Gallery of Insane Activities/Orange Alternative" in Lodz. Thousands of people become involved in your happenings; your provocative and spectacular street actions are manifestations of imaginative and nonviolent protest against an unimaginative and often violent state system. How did your organization come into being, and what is your *modus operandi*?

Krzysztof Skiba: The Orange Alternative does not have any particular structure; we are a spontaneous movement. It goes back to the year 1981; at the time, there were student strike actions in Wroclaw, among other places. A group of male and female students published a periodical they called POMARANCZOWA ALTERNATYWA. It seemed too unconventional even to the NZS, the Independent Polish Students' Union. The students' strike committee tried to control and censor the publication—which was of course unacceptable. The publishers then moved to the Arts Academy. This was the birthplace of the first artists' manifesto: the proclamation of "Socialist Surrealism."

[TAGESZEITUNG] What is that? the opposite of "Socialist Realism?"

Krzysztof Skiba: Surrealism is the last phase of communism. When we speak of "socialist surrealism," we refer to the fact that reality in Poland is so absurd that it constitutes a work of art. Pedestrians, the police—one and all are elements of this work of art.

[TAGESZEITUNG] What happened after 1981?

Krzysztof Skiba: After the 1981 strikes martial law was declared; nobody dared go outside any more and all Solidarity slogans on the walls were painted over. We used these empty white surfaces to paint pictures of dwarfs, the symbols of the Orange Alternative. This was in protest against state terrorism and arrests. More extensive street actions have taken place since 1986/87.



[TAGESZEITUNG] Do your groups consist principally of students, or what other people are there?

Krzystof Skiba: Mostly students; also, unemployed artists, a part of the subculture. It is a young peoples' movement; but frequently there are older spectators—people from other social groups.

[TAGESZEITUNG] The Orange Alternative's main type of manifestation is the "happening." Is this an extension of the artistic and esthetic concepts of Western "action artists" (Cage, Kaprow, Young, Nitsch)? Are they your role models? Did anything original come out of Poland?

Krzystof Skiba: We are familiar with these concepts. There are some similarities with these "classical" happening performances, as far as the relationship with the spectators is concerned. We make the spectators as part of the happening, as well as the policemen. But this special type of happening which we have developed is not an imitation of Western performances. It is quite original. It has an important psychological significance for the population: people who participate in such a happening overcome their fears.

Polish society is a "society under stress." People don't dare open their mouths. The happenings create a situation in which people conquer their fears and relax.

Look at the guy in the movie who laughs as he tells that he has been arrested 20 times. As long as he was in the underground, he was always scared, a fugitive. Now he organizes happenings in which masses of people run toward police vehicles which arrive to arrest them, and the police retreat from the people. There have however been happenings where it took the police 5 to 10 minutes to arrest everyone present.

[TAGESZEITUNG] I have the feeling that your actions are always very well prepared. Do you have underground meetings for this?

Do you use your publication as a means for developing ideas?

Krzystof Skiba: First of all, the periodical POMARANCZOWA ALTERNATYWA no longer exists, but there are a lot of others. Our actions come about like this; usually, an organizer has an idea, which attracts interested people. They contribute ideas of their own. We print flyers which provide detailed instructions on what people are to do during the happening, or sometimes the exact opposite. It could happen for instance that 10,000 people get together in one place, all dressed up as dwarfs. Or, the "Big Pig-Out" happening in Warsaw in November 1988. About 2,000 people assembled in the capital's shopping center, brandishing loaves of bread and sausages. When the demonstrators yelled "Bon appetit!" at the police, 200 people were arrested. This was a sarcastic caricature of the unsuccessful economic reforms and the power of the state.

[TAGESZEITUNG] At demonstrations in the FRG I always have the feeling that we play the role dictated to us by others: the media expects riots, and there are riots; the police expect a nonviolent demonstration, and we give them a nonviolent demonstration. Everything is predictable and therefore inconsequential. Society indulges itself with a performance of "protest movement," and we perform.

Krzystof Skiba: Sometimes we even indicate the role of the police in our flyer announcements—and the police usually follow our instructions quite closely. In Wroclaw, for example, we organized a parody of the October Revolution, where the police gladly played the role of the White Guard. The demonstrators played the Red Army and attacked the Milk Bar (the "Winter Palace"). If successful the assault was to have been celebrated by drinking of borsht.

[TAGESZEITUNG] But the parody had a different outcome from that in the history books.

Krzystof Skiba: Yes, the "White Guard" arrested all the "Reds." But some of our happenings end in total chaos. There was for instance the "Day of the Secret Police" in Wroclaw. Several hundred people dressed up as CIA/KGB/Secret Service people and started to check the papers of the passers-by. Eventually, the real secret police arrived and everybody checked everybody else. It was a real mess.

[TAGESZEITUNG] One of your slogans is "The Police are a Work of Art." What do you mean by that?

Krzystof Skiba: If a large number of police units attend our happenings, they sometimes park their vehicles in an esthetically pleasing pattern. I like that.

[TAGESZEITUNG] It is your strategy to ridicule the police and the communist state. In that case, what is your relationship with the opposition, which is about to take over the government?

Krzystof Skiba: For a while Solidarity was very pleased with the activities of the Orange Alternative; it supported our activities, coordinated them with its objectives. But they too are suspicious of our form of activity, which after all is also an expression of protest against the opposition's establishment structures. We are making fun of opposition politicians also: impersonating Lech Walesa and his advisers, we sat around a round table with "Jaruzelski," whipping eggwhites for hours.

[TAGESZEITUNG] In the FRG, it took Debinski's film, which was shown last May at the Oberhausen short film festival, to make a fair-sized part of the population aware of your existence. Do you have any contact with groups or organizations outside of Poland?

Krzystof Skiba: There are some contacts, but most of them are on a more personal basis. You may be interested in the fact that similar actions have by now taken place also in Leningrad and Moscow, and allegedly in the CSSR also.

Last year there was a cooperative happening at the border between Poland and Czechoslovakia in commemoration of 19 August 1968, the start of the Soviet military intervention against the Prague Spring. On the Czech side, some people shouted "Help, help"; some people dressed as soldiers crossed the border from the Polish side. Some Czechs were even able to "defect" to the Polish side.

Speaking of border crossings, we have imported the hippie and punk cultures from the West. Perhaps it will go the other way some day, that we export the action format of the Orange Alternative to Western Europe?

[TAGESZEITUNG] I hardly think so. A few months ago, Krzysztof Kieslowski said in an interview that the worst thing for him in Poland is the fact that everything is so gray and filthy. Over here everything is clean and colorful—wouldn't a provocation more likely originate from a "Black-and-White Alternative?" For instance, to wrap the KaDeWe [department store] in a big, gray garbage bag, would be a good action. If we were to dress up as dwarfs around here, the people would think this was a publicity stunt by the toy department.

Krzysztof Skiba: Could be. But I believe that Western policy, too, might make a good work of art.

[TAGESZEITUNG] It could use that. Skiba, with all your subversive activities, you have had some problems with the university. Do you have some worries about your personal future?

Krzysztof Skiba: Things don't look black—more on the orange side. If I am lucky, I might even be able to write my master's thesis in the Theater Arts about the happenings in the Orange Alternative. I certainly have enough material for it.

[TAGESZEITUNG] I certainly think you are right. But doesn't it sound a bit cynical when you write in your paper: "Poland is a paradise for artists?"

Krzysztof Skiba: Yes, of course that is meant to be ironic.

[TAGESZEITUNG] Over here there was propaganda 20 years ago for a strategy of "subversive affirmation." The idea was to defeat prohibitions by a system by excessive compliance; to shout approval so loudly as to get on everyone's nerves (if I understand this correctly). Would you think this is a good concept; does it work as applied to Polish society?

[Krzysztof Skiba] The element of irony is an important one. A demonstration against food shortages was entitled "We want to go to Romania," where most people are even worse off. Political life in Poland is very "artificial," and at the same time very serious. Both party and opposition programs are full of empty words. You can fight this situation only by showing the propaganda in an absurd light. We do it with banners saying things like "We demand something or other," "Bless the crisis," etc. We pretend to be supporters of the state. This creates funny situations, when for instance the Polish police

disperse "communist" demonstrations and confiscate red flags. Some senior citizens were quite surprised at seeing this happen.

*If you wish, you may contribute to the support of the Pomaranczowa Alternatywa. Contributions may be sent to the account of the Verein fuer Wissenschaft und Politik e.V.: "Keine Freiheit ohne Zwerge" [No Freedom without the dwarfs], Account No. 200536656, Bezirkssparkasse [district savings bank] Giessen, BLZ 51550025. Receipt for contributions for nastiness and/or usefulness available if desired.*

## YUGOSLAVIA

### Bosnia-Herzegovina LC CC Presidium President Interviewed

28000167 Zagreb DANAS in Serbo-Croatian  
25 Jul 89 pp 14-17

[Interview with Nijaz Durakovic, Presidium president of the Central Committee [CC] of the Bosnia-Herzegovina League of Communists [LC], by Jelena Lovric: "The Battle for Bosnia"; date and place not given]

[Text] Nijaz Durakovic, who recently became the top man in the Bosnia-Herzegovina party organization, a 40-year-old PhD with a university career, belongs to that generation of relatively young and well-educated politicians who have experienced their advancement and professional confirmation outside the seductive sphere of professional politics, but have found themselves in it quite recently, when all its former privileges had been reduced to the privilege of snatching the hot chestnut from the fire with one's bare hands. One of the first things that Durakovic did when he took up the position of leadership is spoken about around the town in his favor; direct person that he is, he exposed himself in a way unprecedented in our country to the hotshots of provocative and quite awkward questions in an altogether frank interview with newsmen (in which no holds were barred either with respect to who could participate or the choice of topics), thus demonstrating his respect for the public and his belief that those who work for it have good intentions. It was thus easy for us to agree on this interview, full confidence was shown, and authorization was not even required.

DANAS: One of the things noted in the talks just completed between the leadership of Bosnia-Herzegovina and that of Croatia is that without this kind of Yugoslavia there is no Bosnia-Herzegovina, and without this kind of Bosnia-Herzegovina, there is no Yugoslavia. What does that actually mean?

Durakovic: Bosnia-Herzegovina has certain specific features—as in fact does every other republic—which stand as arguments supporting that position. Nevertheless, it is at the heart of Yugoslavia, representing the center of its geopolitical space, the center of the population with respect to its ethnic composition, at least if we count the



three most numerous nationalities, representing Yugoslavia in the small, and it is also that with respect to its contribution to the national liberation struggle and the socialist revolution, in that the first and second meetings of AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] were held here, in that most of the offensives were carried out here, because there was more bloodshed in the war in Bosnia-Herzegovina than elsewhere, and in sheer numbers it had the highest number of casualties, because nevertheless a new concept of living together was born here and has existed here since the time of Ban Kulin and up to the present time, but has nevertheless been ennobled by the socialist revolution, undergoing a transformation from life alongside one another into life with one another. There must be appreciation of this reality of Bosnia-Herzegovina, which could set a good example for ethnic, religious, cultural, and every other kind of tolerance, and it is a reality in which today—this is not without importance—almost 30 percent of the marriages are ethnically mixed. There is hardly any example in the world like Sarajevo, which within a small area 400 meters across there are four large temples to the four largest monotheistic religions in the world: immediately alongside the Jewish synagogue, which, incidentally, is the largest in the Balkans, there is an Orthodox church, and immediately behind the large Catholic cathedral there is the Beg's Mosque, all of them built at the height of the Ottoman Empire. Whereas 500 years ago and more there could be that kind of tolerance and nurturing not only of what is called good neighborliness in Bosnia, but also respect for other cultures, customs, religious rituals, and way of life, the socialist revolution advanced a new concept of life together based on full equality, on brotherhood and unity, and on socialist community spirit. If that concept of interethnic relations had proven to be a failure in Bosnia, we hardly would have been able to speak about coexistence and that kind of interethnic ties and cooperation at the level of Yugoslavia.

DANAS: Whereas in Slovenia ideas are emerging to the effect that that republic could survive outside Yugoslavia by joining some European community, and whereas on the other hand even Slobodan Milosevic is saying that Serbia, as the largest republic, could get along without Yugoslavia most easily, there is some question as to whether Bosnia-Herzegovina would have a future at all without Yugoslavia. Can one conclude from that that it also has the greatest interest in Yugoslavia?

Durakovic: Unfortunately or happily, and I would rather say happily, we are all too small for any part or any nationality to be able to get along without Yugoslavia. This country would have a poor fate if only Bosnia-Herzegovina were interested in it. Perhaps I am an incorrigible optimist, but I really think that neither the Slovenes nor the Macedonians, nor the Montenegrins, nor the Croats, nor the Serbs, nor the Albanians are any the less in favor of the socialist federation. But perhaps this question might be examined in another context: Yugoslavia must absolutely not be dependent solely on,

say, Serbo-Croatian, much less Serbo-Slovene, relations, or on relations along the axis of Slovenia, Croatia, and Serbia. I personally think that we absolutely should not accept any kind of axis logic such as is already being imposed on us a bit here and there. Those who live in Bosnia-Herzegovina will not consent to a position of being only something south of the Sava, to being someone's sphere of interest and an area where various appetites and ambitions are tested. We have had enough of that logic, it is almost more than one can stand, to the effect that Bosnia is always the little tongue on the wagon, some coin with which to make change, in which it is expected to commit itself to one side or the other, whereby we are asked almost arrogantly why in these unfortunate divisions of ours we have not yet made a decided choice, why are we silent, does it mean that Bosnia is losing its identity, the weight of its vote in the Federation, and its autonomy in all these deliberations, negotiations, and bargaining sessions of ours? We resolutely reject that kind of logic in the name of those nationalities and ethnic minorities which live here, in the name of the working people and citizens, who are aware that their only destiny truly is Tito's Yugoslavia and that there simply is no other option for Bosnia-Herzegovina, and, I am convinced, that there is none for the others either. Who is going to divide Bosnia-Herzegovina along ethnic lines? Who, for example, is going to divide our working-class Zenica, which has 26 different nationalities and ethnic minorities, the working class which has been recruited from all over Yugoslavia and whose roots go as far back as Austro-Hungary? By what criteria and principles, with what ambitions, and in the name of what objective and what interest? I think, then, that those who think that they would be sufficient unto themselves are greatly mistaken, indeed I even do not believe that they are thinking seriously of it and intending it, it is a kind of political brokering, a kind of political blackmail and arrogance on the part of our politocracies, which are not mindful of what would really be in the common interest of this basically small country which is unfortunately so terribly divided.

DANAS: But how is one to resist seeing all relations in Yugoslavia reduced to that logic of the axis? It probably is not enough merely to say that one does not consent to that. Perhaps some other concept ought to be offered?

Durakovic: There is both a theoretical and a political answer to that rather complicated question. I personally think that the only way is further affirmation of the self-management model for resolving the nationality question, which is premised upon the equality of the nationalities and ethnic minorities and the country's federal system, which in theoretical terms we have partially inaugurated and realized, but which we are today being told is historically exhausted, that it has proven to be a kind of utopia, or even that it has brought us into our present situation, which is a kind of political and theoretical deception, since I do not see that anyone has offered serious arguments to support it. We must not overlook the fact that for years Yugoslavia was the

paradigm of successful resolution of the nationality question, and that in the world context, and that Tito's and Kardelj's doctrines were studied at many universities in the world. But, unfortunately, in a situation when many things, including even the achievements of the revolution, have been called into question, and when a hysterical roar goes up in this country against everything that was so sacred to us just yesterday, that basic line which we ought to preserve and nurture is also lost somewhere, since for the moment there is no better model—at least as far as I am able to keep up with things. It is natural that even it is subject to change, that it should also be critically examined, not just touched up, but perhaps even radically changed in certain essential segments. If we have become bogged down in a profound crisis, if it has turned out that the economic system suffers from inefficiency, from bureaucratic arbitrariness and the consensus logic, while the political system does not function as it should in many essential segments, then it is natural for all of that to be refracted through interethnic relations in Yugoslavia, and here there can be no progress whatsoever without resolving certain major issues related to the system which were basically indicated in the principles of our three reforms.

DANAS: Do you not think, then, as has recently been asserted, that the concept we have had up to now has not been solving the problems, but perhaps has only been postponing their emergence and escalation in public?

Durakovic: I would not dream of defending all the solutions we have had up to now, but along certain main lines I nevertheless think that that policy has been correct and effective. Especially the policy concerning the nationality question. If we compare it with what happened between the two wars, then it is clear that the situations are absolutely incomparable. If someone feels a nostalgia for the monarchy, which he will now proclaim all but the most democratic form of government in the Balkans, then this is a deception pure and simple: these are the most outright lies. But we are not all blind, anyone who has looked at history at all knows that those were tyrannies and dictatorships, what ethnic freedoms were there, when the nationalities were suppressed; where do you see the mold and mildew of all those royal prisons, where is the groaning of all those enslaved nationalities of ours, was there any discussion about the elementary rights of the nationality, about schools in their native language, about the right to call themselves by their own ethnic name? If that is compared to the achievements of socialist self-management, then it is certain that what has been achieved in this area represents immense progress in culture and civilization, for all the contradictions, all the labor pains, all the shortcomings, the frustrations, the inevitable romanticisms, atavisms, and mists in which we have found ourselves and unfortunately will persist for a long time yet.

DANAS: On the Yugoslav political scene today, there are two opposed options which in greatly oversimplified terms are called the Serbian and the Slovenian options, although their oppositeness is not primarily defined in

ethnic terms. Croatia has been attempting to find its answer to that dilemma, offering a "Yugoslav synthesis." Do you mean to say that Bosnia-Herzegovina sees the continuation of Tito's line as the road to the future?

Durakovic: Not even in the back of my mind would I want to put Bosnia-Herzegovina into some vanguard position, since we have had enough reproaches of that kind and ironic remarks, and recently indeed even sarcastic comments on whether Bosnia is going to overcome and conceal all its scandals and drawbacks with some new vanguardism in Yugoslavia. I am not among those who would deify Tito, but I do not see any other options, and that applies not only to Bosnia-Herzegovina, but also to Slovenia and Serbia, than the one that would be a continuation of his line. Tito can be reproached for all kinds of things, but not that he lacked a feeling and nerves for Yugoslavia's community life and integrity, and literally throughout his life he reiterated that we have no destiny without brotherhood and unity and that we will be swallowed up if we split apart. It has turned out that perhaps a dead Tito is today uniting Yugoslavia more than all those living star ideologues who are passionately disuniting and dividing it, and that his doctrine and his theoretical and political concepts are much more powerful than all his enemies.

DANAS: No matter how much you defend yourself against vanguardism, you yourself recently said that Bosnia holds the key to solving Serbo-Croatian relations and is the guarantor of the existence of this kind of Yugoslavia.

Durakovic: I was paraphrasing Djuro "Stari" Pucar, who in the third meeting of the Bosnia-Herzegovina Regional Antifascist Council of the National Liberation Struggle said that the formation of an equal, independent, and fraternal Bosnia-Herzegovina was the key to resolving relations between the Serbs and Croats in Yugoslavia. Later, I found a variation of that thesis in certain works of Tito and Kardelj as well. In one of his last statements in fact, toward the end of 1979 in Bugojno, Tito even said that we are preserving Bosnia-Herzegovina and not allowing ourselves to be frustrated concerning it, since if this concept of life in Bosnia-Herzegovina is destroyed, that will seriously threaten Yugoslavia's integrity.

DANAS: Since Tito's time, and especially in the last 2 or 3 years, Bosnia has undergone much change. Major scandals have constantly reverberated, so that there is hardly a stone left standing of the former leadership. It is thought by some that some of the real problems were taken advantage of to generate the major scandals in order to destabilize Bosnia. If one looks at everything that happened from a certain distance, then that thesis does not really seem so impossible.

Durakovic: It is difficult in this kind of interview to offer a serious and analytical judgment of that. Certainly, Bosnia is no longer what it was 3 years ago. Many things have happened, and much has changed. To some extent, it even began before the Agrokomerc scandal, but it was

the culmination. The leadership groups were simply caught unawares, shocked, one might even say at wit's end, and in part even frightened by the fantastic cases of embezzlement and manipulation which could not be denied, and which so shook the entire political establishment that it came crashing down like a house of cards. I personally think that that scandal, aside from the troubles it brought us, and they are mostly financial in nature, also initiated many constructive processes. It helped to identify and defuse those so-called centers of alienated economic and political power, and many self-styled local, regional, and indeed even republic leaders and petty politicians all of a sudden became uncertain, since they found themselves in a situation altogether unfamiliar to them, one in which the public had a different influence and in which there was large-scale political dissatisfaction, which simply set many things to rights even if we had not had a plan for that thought out in advance. All sociopolitical organizations are beginning to operate in a new way: the League of Communists was nevertheless taking the initiative in that period, the Socialist Alliance is almost entirely ceasing to be its transmission belt, the youth organization is very vigorous once again after a decade of lethargy, and certain changes are obvious even in the trade union organization. But what is perhaps the most important is the radically different situation with respect to the assembly and its chambers, which, just as it is everywhere in Yugoslavia, although they are nominally the supreme body of self-management power, in actual political life they previously simply put their stamp on decisions which had been prepared either in party headquarters or in the republic presidency: I think that we can boast of having resolved most of the scandals in a way that signified respect for the legality of the institutions of the political system. We have not been resolving them with people happenings, with rallies, nor with other types of informal pressure. From the very beginning, we have insisted that all responsibility be placed in the competent body or institution of the system: if a delegate in the assembly is involved, then in the assembly, if it involved a member of the central committee, then in that body, and the same for the republic presidency, the prosecutor's office, the courts... which was a very complicated and painstaking job, but the only way to bring the arguments to bear on one another, to preserve the dignity and integrity of the individual, and to really weigh every kind of responsibility.

DANAS: It seems that one of the most interesting changes occurred in the area of the public and the public media, of which it can now be said that in their openness and professionalism they are at the very top of Yugoslavia's journalistic production.

Durakovic: My inclination is to argue with all my strength that perhaps the most important thing that is happening to us is a general process of democratization, from demystification of all political offices and so-called centers of political power to a simultaneous growth of the influence of the public, such as has been seen in few

places in Yugoslavia, and an essential change in both the position and the role of the media. I think that this can serve as a kind of example for other communities which have been delivering lectures in democracy to us and which are reproaching us every day for certain stereotypes portraying Bosnia as dark violet, ominous, and foreboding. All of that is, of course, still muffled, burdened with a number of contradictions, there are still recognizable retrograde tendencies which should be feared, the fairly strong resistance of the dogmatic forces which feel that they have not yet lost the battle are not to be underestimated and are waiting only for a favorable moment to emerge on the political scene once again. There are, of course, cases when people do not get their bearings, but there are also doubts and suspicions about whether the new leadership groups have actually allowed the reins from their hands, as to whether they are leading toward Bosnia's ruin, as to whether they are up to this kind of situation at the level of Yugoslavia, and one hears worried and purportedly worried voices asking why we are passing over in silence various cases of maternalism, of ambition to preach to us every day, cases when every windbag journalist and scribbler in this country delivers lectures and fabricates and encourages various incidents and scandals. Some 50 periodicals in Yugoslavia have gone round and round that Mosevac for 4 years, films have been made, national traveling excursions are being made which even in Knin demonstrated what their real goal is, and then at the last people happening, say, in Mosevac, they came to disgrace, since more newspaper people were gathered than inhabitants of that town. I do not say that there was no primitivism or abuse, no bureaucratic arrogance and stupidity at Mosevac, but Yugoslavia has hundreds of places like Mosevac, just as no one knows how many various Neums and Carringtons this country has, how many failures and bureaucrats who are incompetent and dishonest. I would be happy if there were none outside Bosnia-Herzegovina.

DANAS: Does it follow from that that the scandals were not created by accident? What might one say was their objective?

Durakovic: I would not stuff all of that into the same basket. I believe that the Agrokomerc scandal had to break out in public, but certain periodicals and the people gathered around them made a great effort to inflate it to fantastic proportions, including exaggerations that went almost to the point of perversion, to the point where those who were hysterically calling for lynching and were accusing the entire republic en bloc of plundering Yugoslavia, have now turned their coat and have become the most vociferous in defense of Fikret Abdic and the concept of Agrokomerc. It would be hard to say that the scandals were rigged in advance, but some were beyond question designed and encouraged in such a way that an attempt was made to carry the conflicts over and warm them up on an interethnic basis, some were kept in reserve to be resorted to when certain other types of political accounts had to be settled, and it was all



apparently aimed at destabilizing Bosnia-Herzegovina and keeping its leadership on the hook. Even though many people, including people in this republic, will not agree with me, I say that there were such things and still are.

DANAS: The destabilization of Bosnia-Herzegovina is also being brought through interethnic divisions. At one time, you resisted the holding of a rally in Jajce and in other places, arguing precisely that this would disrupt interethnic relations. But in spite of that they have today reached a disturbing point. It was, of course, an illusion to expect that it could have been different in the present Yugoslav situation. On one occasion, you said that if interethnic porridge is being cooked in Bosnia, all of Yugoslavia will taste it.

Durakovic: Unfortunately, it is true that even in Bosnia-Herzegovina there has been serious vacillation, to put it mildly, with respect to interethnic affairs, which for a long time were rather stable. Nevertheless, everything that has been happening in Yugoslavia, some of it generated from our own community, is certainly having its impact on interethnic relations here. Everything that has been happening in Kosovo and concerning Kosovo, around Knin and in connection with it, in connection with holding rallies, all of those unfortunate divisions, suspicions, and regroupings of ours, virtual warfare through the news media, through politics, it is logical for all of this to be refracted in an ominous way on the social and political map of Bosnia-Herzegovina, which is anyway the area in the country where the news media are freest in what they say. I would say, where there is a kind of no-man's-land in which there is a kind of scramble to win and to shape public opinion. This is not just a fight for newspaper circulation and a commercial competition. We thought it would be a good thing and democratic if our citizens can read what they like, what they have an affinity for, and what offers them greater and better quality. But unfortunately the situation is such that periodicals with a quite definite political orientation, with unambiguous ideological goals, have been continuously offering certain arguments almost to the point of brainwashing, and this then also has an impact on total public opinion, and it is refracted through interethnic reality as well. I would say—stated in mildest form—that in certain parts of Bosnia-Herzegovina there is a certain amount of agitation, divisive activity, to some extent even a counting of heads, and in certain communes even a tendency to muster the nationalities, which, of course, is exceedingly disturbing to us. At the same time, in the large centers the awareness of the need for brotherhood, unity, and equality is still dominant and the belief that no sort of ethnic suspicions and divisions can be allowed. It is difficult, then, to draw a general conclusion at the level of the republic. Although sporadic, the indicators that do exist to the effect that people are already looking to other people's nationality, to how they act in this regard and to their attitude toward certain self-styled ethnic leaders, are having an extremely alarming impact. After all, they are an indication that

even in Bosnia-Herzegovina people are beginning to think in a way which is determined primarily in ethnic terms, to think with more suspicion, in terms that are emotionally charged, that they are identifying on an ethnic and religious basis, which, with their symbols and holidays, with their ethnic myths and grudges, offers evidence that we are going back to what we thought had been pretty much forgotten or at least was finished business in the archives of history. Bosnia is very sensitive in that respect and records like a seismograph all of the tremors in interethnic relations.

DANAS: The Bosnia-Herzegovina leadership has fiercely opposed formation of cultural and other institutions on an ethnic basis. Is that still your thinking?

Durakovic: We can never consent to that. Those who advocate ethnic institutions in Bosnia-Herzegovina, supposedly concerned about the destiny of segments of their nationality, are actually doing a disservice to the nationality in whose name they speak. After all, what would it mean today if pursuant to current and indeed even official demands, ethnic institutions were formed for the Serbian nationality in Bosnia-Herzegovina? Does that mean that the Serbs would be given separate cultural, educational, scientific, and athletic societies? What will the Croats then say when they learn that there were similar initiatives at the time of the mass movement? And what will we do then with the Muslims? The Muslim nationalists can hardly wait to say that they are the only ones who do not have their own literary society, their own academy, and thus would easily arrive at the thesis that they have nothing except their mosque. What, then, would all that mean from the standpoint of community life in Bosnia-Herzegovina? What about other parts of the country? Following the same principle, there could be a demand for ethnic organization of Muslims or Croats in Serbia or in Montenegro. It is not enough to say that this is an insane idea that would take us back to the prewar divisions. The reasons and the objectives which this is supposed to achieve are very clear. It is no accident that this is being projected onto Bosnia-Herzegovina, since if it splinters along those lines, then it no longer exists, it ceases to exist as a sovereign sociopolitical, governmental, and self-governed community. And that is, of course, in the interest of many of our nationalists. After all, the ambition to divide Bosnia has not died out—I simply do not know along what border, whether along the Una or some other line—for it again to be "originally Croatian" or "originally Serbian" or of allegedly being "natively Muslim," in the sense of becoming ethnically pure. Each of those nationalistic options is specifically aimed at tearing down Bosnia-Herzegovina as it exists today, and the formation of ethnic institutions is the first step in that direction.

DANAS: Is it true that in conversations with the Serbian leadership you agreed that proposals of that kind for formation of ethnic institutions were unacceptable?

Durakovic: We reacted to certain articles and arguments even from certain official political forums concerning

the need for the Serbian nationality in certain republics to form its own ethnic institutions, emphasizing that this is absolutely unacceptable to us. The answer given us at that time was that this is not the official position of the League of Communists of Serbia, that this has not been stated anywhere at the official level, and that they fully appreciate our arguments and our approach. Nevertheless, just a few days later, in a meeting of the Serbian Central Committee which was devoted to interethnic relations, a kind of paternalism was again displayed toward the segments of the Serbian nationality living in other republics. To be sure, it was not stated in which, but the concluding address, aside from all those demands which, of course, are to be expected in any democratic community (just like those concerning equality, respect for the cultural legacy, and the interest of every nationality) explicitly expresses the position that this would also include a demand for ethnic institutionalism. I would say that this departs from those statements which the comrades from Serbia supported in our joint agreement.

DANAS: You have opposed the "exporting of revolution" and this scenario did not succeed in Mosevac. But there is another big test waiting for you soon, the celebration of the anniversary of the Battle of Kosovo, which, according to the announcements, could be similar to Knin.

Durakovic: From the beginning, the Bosnia-Herzegovina leadership groups have shown sensitivity and understanding for celebration of the 600th anniversary of the Battle of Kosovo, out of a feeling that this is an important historical date for the Serbian people, one which should be looked at in light of the fact that Kosovo is a kind of myth, a kind of national sacristy, perhaps sometimes even a pledge to the preservation of the entire ethnic identity and tradition of the Serbian people down through the centuries, that it has been and has remained a synonym of resistance to the conqueror. On that premise, we celebrated the 600th anniversary of the Battle of Kosovo in a very dignified way, by organizing a large and extremely interesting Yugoslav conference of the Academy of Sciences of Bosnia-Herzegovina, to which the media also gave broad coverage. But then I myself learned from the press that a large new celebration is planned at Knezina on Romanija Mountain. We do not intend to be concerned with this as the leadership of the League of Communists, this is above all a matter for the Socialist Alliance, but we will be working for that celebration to be organized in a dignified way, in keeping with the freedoms and rights of citizens and believers in this country and in keeping with legal statutes, which means that no sort of nationalistic outbursts and the carrying of symbols which might irritate the population there should be allowed, since that is also an ethnically mixed environment. Having learned a lesson from the experience at Knin, we must organize ourselves so as not to allow any kind of chauvinistic provocation and the kind of hysteria that was recorded there, since we are afraid that in Bosnia that could take on much broader dimensions and have much worse consequences than

was the case even in Knin. I hope that the competent authorities will do everything within their jurisdiction so that this is a dignified religious event.

DANAS: There are those who think that a real war is being waged at the moment for the Muslims in Bosnia-Herzegovina, and that efforts in that direction are being made to accentuate certain large-scale resentment even among them, which only at first glance seems contradictory, but actually could be along the line of total destabilization of Bosnia. The situation in the Bihac region, which is quite raw because of the consequences of the Agrokomec scandal, is especially mentioned in that connection.

Durakovic: As long ago as a year or 2, I had a somewhat ominous idea that Agrokomec personnel, given the great trouble, the desperation, and distress they found themselves in, confronted with a threat to their very survival, could believe, if there were clever indoctrination and manipulation, that that entire scandal was a Serbian plot toward that predominantly Muslim region, just as on the other side the Serbian nationalists have almost from the beginning tried to show that the Muslims invented that entire monkey business in order to plunder the Serbian and other nationalities. Although, of course, neither of these assertions is accurate, objectively the effect of such ideological manipulations is already being felt, and the fight has to be waged in this context by every political means in order to prevent any broader manifestations. This is a complicated and rather sensitive political task, especially since I hear that in that part of the Krajina and in Agrokomec the situation is not good at all and it is expected—as politicians say—to become further complicated in a few days. As to the attitude toward the Muslims, various nationalists, Serbian and Montenegrin, in part even Croatian, have never ceased being suspicious of the Muslims as a nationality, and even its very recognition they would like to represent as an artificial creation, a political fabrication, as some nationality created by decree which supposedly does not even conform to the designation, since it signifies an allegiance that is above all religious. Many people have emerged recently who would make us happy by changing the name, and even when they recognize that we are Slavs, the question for them is whether we could be a separate nationality or we are "only Serbs of Islamic faith," or only the "flower of the Croatian people"? Viewed historically, this is an old competition among differing ambitions toward the Muslims, and in the present situation we had to expect it to become relevant once again and to be imposed somewhat more aggressively, which is an important indication that certain issues we believed to have been dealt with are being raised once again. In segments of the Muslim intelligentsia, a certain resentment is being caused by the raising of the same issues over and over, by the ever new attempts of someone to make them happy, to get them to commit themselves, to tell them what they are and why that is what they are, and in what manner they should be that, a business in which the basic measure of good taste



is already being lost, to stop short of giving it a further political description. I personally think that the Muslims are sufficiently aware of their own nationality and will not give in to that kind of provocation, in which all that they are being offered, along with many husks of stereotypes, errors, atavisms, and primitivisms, is to be used in current political brokering and dissensions.

**Potrc on Slovene Constitutional Amendments,  
Asymmetric Federation**

28000168 Zagreb DANAS in Serbo-Croatian  
1 Aug 89 pp 10-12

[Interview with Miran Potrc, president of the Assembly of Socialist Republic (SR) Slovenia, by Marinko Culic: "The Constitution, the Position, and the Counterposition"; date and place not given]

[Text] With the usual response in the media, but still in the shadow of the proposal for reform of the country's political system which had arrived the day before from Serbia, a few days ago the Assembly of Socialist Republic [SR] Slovenia adopted a working version of amendments to that republic's Constitution. Lagging appreciably behind certain others (Serbia and Croatia)—which is surely the result of the constant "scrutiny" of the public, which in Slovenia is certainly the most zealously involved in the debate of the constitutional amendments—the Slovenian parliament decided on an essential broadening and radicalization of the draft of the amendments.

As Miran Potrc, president of the Assembly of SR Slovenia, said in his introductory address, the principle of the future amendments ought to be that everything is permitted in society which is not explicitly prohibited, and it seems that in spite of such a lofty goal no one here considers it a bad or disturbing thing that the proposal of the amendments will take definitive shape only in the fall. Nevertheless, in answer to a direct question Miran Potrc told us that he would not be altogether honest if he said that people in Slovenia are looking without interest on the proposals for reform of the country's political system that are coming readymade from other communities. Everyone in the country has the right, what is more the obligation, he says, to reflect on the country's development and to propose the solutions which they feel the best, and that also applies to the proposal which has now come from Serbia. I would go against my principles, he adds, if I objected to anyone, including this republic, "hurrying" to present its views and positions ahead of others. At the same time, no one should anathematize the right of others to take their own positions concerning those views, especially when they are presented in the form of a proposal being offered to the entire country. It is everyone's right to propose, but it is also the right of all others to conduct a joint debate of this and to take positions concerning what has been proposed. I hope that the political climate in the country will be changing in the direction of respect for that right on both sides and that we have nevertheless put behind

us the times when this republic, Slovenia, also came forth as a proponent of reforms such as are now being proposed in Serbia, but from several quarters, including some in our own republic, it met with suspicion and even outright accusations that it wanted to impose on Yugoslavia the views and interests of Slovenia.

DANAS: Briefly stated, what is being changed in the Slovenian Constitution by the proposal of the amendments whose working version has now been adopted?

Potrc: The changes are extensive and it is difficult to put them in a nutshell. I will mention, then, only those most important ones—those are the changes in the socioeconomic and political systems, an essential broadening of civil rights and liberties, changes in the status and powers of assemblies, in the political organization of citizens, in the electoral system, and finally, but no less essential, there are also important changes in the position of the Republic of Slovenia and its Assembly relative to the Federation.

DANAS: The primacy of changes in the economic system has from the outset been emphasized in Slovenia, and we see that you also place them first. What has been done in that respect?

Potrc: The most important thing to us in this area was as far as possible, in these documents which are general and fundamental in nature, to emphasize the resolute commitment to a market economy, to full freedom of enterprise, and to diverse forms of organizing the enterprise, to equally full equality of all forms of ownership, and to establish in view of all that how the position of the government and its attitude toward the economy is to be defined. Starting with that principle of the freedom to organize and operate and also free choice of all forms of ownership, the Slovenian Constitution will no longer contain any obligation as to the pooling of resources, nor restrictions on disposition of the assets of the economy.

DANAS: Which means that you are introducing complete economic autonomy of the economy?

Potrc: For all practical purposes, yes, since no one except the republic's Assembly, and that to a lesser extent, on the basis of its decision, will have the right to touch the income and profit of organizations of associated labor, enterprises, and other economic organizations. It has also been affirmed that no such decision can be enacted retroactively, which should provide greater security in the conduct of business, and it has been decided that the economy is no longer to be required to engage in planning, but this obligation will be placed only on sociopolitical communities as well as on activities of particular social importance (science, education, the health service...) and large systems (the power industry, the railroads, the PTT...).

DANAS: Does that mean the SIZ's [self-management interest community] are being abolished?

Potrc: There is no longer the obligation to establish SIZ's in material production. This does not mean that the possibility is eliminated of independent and free establishment of such SIZ's, although we think that there will be no need for that in practice. After all, those activities which are of importance to the society as a whole (the post office, the railroads, the fuel and power industry, water management...) will receive their guidance from the Slovenian Assembly, and various funds under public oversight are envisaged for their financing and development, and if evaluation exclusively by the market proves not to be possible, there will be resources raised from contributions and taxes. We also expect that most of those organizations will become public enterprises (much the same is true of organizations representing municipal services and utilities), in which the republic or opstinas will have their own resources invested and on that basis will be involved in their management.

Nor is there any longer the obligation to establish SIZ's in the social services, but rather the Slovenian Assembly will establish the rights and obligations of citizens in the areas of education, science, culture, health care, child welfare, and so on, and the manner in which this is to be done and the influence of users of the services on the providers of the services will be established by law. Nor will the possibility of establishing communities of interest be precluded here either, but there will no longer be a legal obligation to do so. Accordingly, the SIZ's will no longer be fourth chambers of assemblies of sociopolitical communities, which in and of itself enhances the responsibility of the assemblies for these activities.

DANAS: Abolishing the SIZ's is also being planned elsewhere, so that this is nothing specific to Slovenia. However, you have decided to delete the provision concerning the vanguard status of the LCY, and at least for the present this is a precedent in Yugoslavia. Why was that done?

Potrc: That is not the only precedent, we have established several of them, but first to answer the question you put. Our purpose in deleting the position about the vanguard status of the LC was to say that the time has passed when the League of Communists is guaranteed in advance the position of the protagonist which is the ideological leader and guide, and that now it must compete for that role in society on an equal footing with other participants. Put most succinctly, it must confirm itself with what it does. It is only in the view through old spectacles that this signifies some kind of demotion of the LC as to its position in society, since it is now that the possibility is opening up for the League of Communists to create its own programs and offer them to society, and for its social contribution to be measured exclusively on that basis, rather than for it and only it to be accused of everything in society that is no good or does not turn out well.

DANAS: To some extent, this does detract from the LC's ideological monopoly in society, but there remains the political monopoly, which derives from another right

"guaranteed in advance"—the right to a certain number of assembly seats in the sociopolitical chamber, which are not jeopardized by any changes whatsoever in the disposition of the voters toward the LC and other sociopolitical organizations which enjoy that privilege. Nevertheless, the belief has long been dominant in Yugoslavia that these chambers should be left intact, and even now the debate on that is being postponed, although in certain other communities, including Serbia as well following the most recent proposals, the belief has already won out that the sociopolitical chamber should be abolished.

Potrc: Even in Slovenia the belief is becoming more and more widespread and has grown particularly in recent months during the public debate that abolishing the sociopolitical chambers should be undertaken, especially in the opstinas. At the same time, there are those who think that there is no need to abolish sociopolitical chambers, but that changes in the way its delegates are chosen could substantially restrict and practically preclude the political monopoly you speak of. That is, we are proposing the possibility that candidates for seats in all assembly chambers, including this one, be nominated by individuals or by political organizations, those we have at present and those that will be established in the future, in which citizens are organized. This means that the League of Communists, the Socialist Alliance, and other sociopolitical organizations will be put at the same starting line with other "parties," with the present alliances, and that their representatives will be elected to assemblies in keeping with their own abilities to offer the voters programs which enjoy or do not enjoy the support of the public. This conception has also prevailed in our constitutional commission, although there are those who think that we should aim for true party elections in which the parties themselves will nominate their candidates, and in the elections voters will only decide which of them they want. A public opinion survey conducted by decision of our assembly has shown that the Slovenian public is more inclined to the first model than toward conventional party elections.

All of this does not eliminate the need to also examine the option of abolishing sociopolitical chambers, and I believe that such a disposition will in fact prevail in Slovenia when the new Constitution is discussed. Nevertheless, we are still in the phase of debating the amendments to the present Constitution, and you know that in the Yugoslav Constitution the sociopolitical chambers have not been "touched," which also determines our behavior, since it is our thinking that we should keep the joint foundations of the country's sociopolitical system as established in the federal Constitution.

DANAS: Nevertheless, as you yourself say, you have adopted several features that establish a precedent in the country. What are they, aside from the deletion of the provision concerning the vanguard status of the LC, which has been mentioned?

Potrc: Well, first of all, we are the only ones who have undertaken to delete or supplement a certain number of basic principles in the preamble of the Constitution. All the others have retained those principles in their own constitutions, everywhere they are by and large the same as the principles in the federal Constitution. We felt it was not possible to make changes only in the normative section of the Constitution, since then cracks would open up between the preamble and the normative section and they would then become inconsistent with one another. At the same time, we wanted to accomplish a quite essential expansion of the section of basic principles on human and civil rights and liberties, and this has been done. Thus, the amended Slovenian Constitution will emphasize the freedom of political organization, the role of the trade union as an independent organization of the workers has been emphasized, the death penalty is being abolished, and a specific amendment prohibits the abuse of information on individuals possessed by certain government agencies. The question of restricting certain rights and freedoms, which specifically applies to the inviolability of the dwelling and the inviolability of the mails, is also being regulated more precisely, leaving less opportunity open for misinterpretation and abuse. In future, both will be subject to limitation only on the basis of court order, which we consider an important improvement of this aspect of civil liberties. We also consider it important to restrict the crime against the order established by the Constitution exclusively to acts of violence, which is what an honest reading would gather even from the present Constitution, but we have nevertheless felt it necessary to emphasize this. These are in my opinion the most far-reaching innovations which we are making in that section of the Constitution, along with an equally essential broadening of the initiative of citizens, who in future will be able to be direct proponents of laws, political referendums, and so on. I also consider it to be very essential to consolidate the position of the Italian, Hungarian, and other ethnic minorities, whose rights are now explicitly guaranteed regardless of the size of the ethnic minority.

DANAS: Yet we hear that the ethnic minorities are dissatisfied with Slovenia's definition as the state of the sovereign Slovenian nationality and other "citizens of SR Slovenia"?

Potrc: There have been no official reactions from the ranks of the ethnic minorities, and for that reason it is not precluded that this is a reaction on behalf of the ethnic minority rather than reactions from the ethnic minorities themselves. In the normative section of the Constitution, Slovenia is defined, as it has been up to now, as the state of the Slovenian nationality and the Italian and Hungarian ethnic minorities, and in that respect there should be no room for any dissatisfaction. It is true, nevertheless, that the formulation you mentioned has been included in the principles of the Constitution, and it can be debated, although I think the term "citizens" ought not to arouse anyone's suspicion.

DANAS: But throughout the country at present there is a trend toward narrowing the definition of the republic

states to the principal nationality and "others," which is undoubtedly a step backward in constitutional law. In our opinion, the worst thing would be to adopt a middle solution which on the one hand would emphasize the national independence of the largest nationality, while others are "set apart" as citizens. If we are to abandon the constitutional definition we have had up to now, and no one has yet offered a convincing explanation to support that, we should at least remain consistent and treat all subjects of the republics as citizens.

Potrc: We are aware of the trend of which you speak, and that is why, regardless of possible disputes over the definition in the Slovenian Constitution, we have undertaken to reinforce the status of the ethnic minorities and are providing maximum guarantees of their rights. I have already said that those rights are being explicitly guaranteed, i.e., they are not contingent upon the number of members of the particular ethnic minority, and we have also broadened the scope of interests of the ethnic minority from culture, education, and information to include economic interests as well, the rights of their communities are being broadened, the obligation to elect their delegates in opstina assemblies is being established, and so on. As for the idea about the republics as states of their citizens, our point of departure is that the Slovenes are a nationality which have no other state except this one and that this Slovenian state must necessarily be defined as the state of the Slovenian people or, to be more precise, also as the state of the Slovenian people. I emphasize this "also," because it is self-evident that Slovenes will not enjoy full rights and freedoms in this their own state unless they have the rights and freedoms of citizens. That is why we emphasize both elements—Slovenia as the state of the Slovenian people, but also as the state of free and equal citizens. This is not exclusive, but supplemental.

DANAS: You have mentioned the changes that have to do with guaranteeing legal security and personal freedoms of citizens, and in that connection there has been what we would call an almost feverish debate conducted in Slovenia, dating from the times of the trial of The Four, but later continuing in connection with certain events in the country. There is talk about an entire parallel system of government located in the gray zone of unconstitutional laws, semipublic and secret acts, and so on, and a few days ago the Slovenian Assembly satisfied some of the expectations of the Slovenian public when it made amendments in the republic Law on Internal Affairs. We have read that the portion of that law pertaining to the infamous measure of "isolation" has also been amended.

Potrc: Yes, the law has been amended, amended in two essential provisions. First, there has been a change in the provision which up to now allowed law enforcement agencies to conduct what is referred to as preliminary procedure in an investigation without counsel being present. That no longer exists, and in future the investigation will always be conducted in the presence of defense counsel at the request of the suspect. Another change has to do with "isolation," which is now firmly limited only to circumstances in which there could be a

threat to human life, property, and the social order. But, and this is especially important, the measure of "isolation" can be prescribed only in a manner that restricts the freedom of movement of an individual citizen in that he would have to remain in some town or area, but by no means would he be forcibly isolated in some room or even in a prison.

DANAS: What is the outcome of the constitutional dispute which Slovenian delegates instituted before the Constitutional Court of Yugoslavia in order to establish the legal basis on which certain government agencies operated, which has to do with establishing the "circumstances and consequences" of the trial of The Four in Ljubljana?

Potrc: We are informed that the Constitutional Court has treated this initiative with extreme seriousness, as is in fact evident from the fact that a reporting judge has already been designated, and that means that perhaps even this fall we might learn the outcome of the initiative. I am happy to say that this refutes numerous comments—it would be hard for me to say whether they were dramatic or comic—to the effect that Slovenia committed a horrible sin, something without precedent in the country's history, when it "dared" to institute a dispute on the constitutionality of the activity of our highest state security agencies. I do not wish to prejudice the decision of the Constitutional Court, but I must say that in the assessment of the group of delegates mentioned, and their report was also adopted in the Slovenian Assembly, there was by all appearances the basis for this initiative. The group established that there are acts of certain government agencies which are by their nature general acts, which means that they ought to be made public, but they are not made accessible to public scrutiny. These are the guidelines of the SFRY Presidency and the Presidium of the LCY Central Committee that have to do with extraordinary situations, then there are the joint criteria governing the activity of state security agencies, which also were adopted by the SFRY Presidency, and the actual instructions governing the activity of those agencies. We are demanding that these acts be made public, and we also feel that they give to security agencies certain powers which are not in keeping with the Constitution, above all powers which allow a secret search of a dwelling, that is, violation of the inviolability of the dwelling, the inviolability of the mails, and so on. For us, these are very serious matters, and we cannot agree with those who accuse us, as I have said, of thereby making an attack on the highest agencies of the state or that we are undertaking to revise the judicial process.

DANAS: Is that same verification of constitutionality also being requested for the acts of republic agencies in Slovenia?

Potrc: It is being sought, the decision on this has been adopted by the Slovenian Presidency and Assembly, a special working group has already been formed to study this, and I believe that that report will also be ready in the fall. I think that this also confirms that the constitutional dispute which we instituted in connection with the

activity of federal state agencies is something quite normal and also that it is quite normal for those agencies, at the request of the public, to publish acts which seem debatable and are important from the standpoint of the legal security of citizens.

DANAS: Major disputes have already been provoked by the commitment to include in the Slovenian Constitution (both in the preamble and also in the normative section) a provision on the right to "self-determination all the way to secession," although a provision to that effect already exists in the principles of the federal Constitution. There still has been no reaction, but it certainly will be forthcoming concerning another provision—that extraordinary measures can be instituted in Slovenia only by the Slovenian Assembly. Is that not seeking the status of a kind of "extraterritoriality" within Yugoslavia?

Potrc: There is no question of that. We are merely filling the space that has been left open in the federal Constitution. That is, it deals only with the question of the extraordinary situation in wartime, to which Slovenia, of course, makes no claim whatsoever. However, the federal Constitution does not speak about an extraordinary situation in peacetime, but rather it was subsequently elaborated and has been differently interpreted in other acts which do not have constitutional significance. It is our opinion that this empty space in constitutional law should be filled, and what seems to us the most logical solution is for the decision on emergency measures to be made by those powers which under the Constitution are in fact most responsible for the development of the republic, and that is why we have in the Slovenian case set down that this be done by the Slovenian Assembly, or, if it cannot convene, by the Presidency of SR Slovenia.

DANAS: When the state of emergency was instituted in Kosovo, no one stopped to ask the Kosovo Assembly. After this Slovenian solution, will we be in a situation in which establishment of emergency powers will be something quite "normal" and constitutional in one part of the country, but unconstitutional in another part?

Potrc: Quite right, no one asked the Kosovo Assembly anything. But the SFRY Presidency was not required to ask it, since there is no provision on emergency powers in the Kosovo Constitution as far as I know. Our grounds for adopting this solution lie precisely in that fact—the republic constitutions may not be contrary to the federal Constitution, but they may, and to some extent this is even their obligation, regulate those matters which have not been dealt with by the federal Constitution.

DANAS: In any case, we are very close to this being given differing constitutional treatment in the country. Which gives rise to the question of a so-called asymmetrical federation, which has been talked about a great deal recently in Slovenia. Is that idea not a kind of "giving up" on the problems in another part of the country, in this case the problem of the status of the provinces,



which is obviously being resolved in SR Serbia in a manner which all the others do not accept?

Potrc: The ideal of the "asymmetrical federation" is only an endeavor to arrive more easily at the ultimate joint goals in the country, so that there will not be insistence on solutions of the same kind even where this is not indispensable, for example, in education, in culture, in the name of the language, etc. As for "taking hands off" other parts of the country, the provinces in particular, I think that is not valid. What we are advocating is that the integration of Yugoslavia take place through the market, through the establishment of economic ties, which is the most reliable "predecessor" of ties between people as well. In that sense, the interest of Slovenia and of the other advanced parts of the country in the less developed parts not only exists, it is in fact quite great. The only problem is how to put those ties on an essentially different foundation that will be based on the specific economic interests of each community and will not be refracted solely through relations between the leaderships and bureaucracies of the republics and provinces. It is because relations in Yugoslavia have mostly been worked out along those lines, rather than along the other lines referred to, that there have been cracks and cracks at the seams in the country.

#### **Racan's Political Career, Ideas Reviewed**

28000169 Zagreb DANAS in Serbo-Croatian  
8 Aug 89 pp 10-11

[Article by Jelena Lovric: "An Isolated Opening Speaker"]

[Text] Racan's political credo is that people who live in glass houses should not throw stones.

In contrast to those politicians we know who turn every defeat into a victory, Ivica Racan is one of those people who cannot even capitalize on their successes. He is not a fighter in politics, perhaps because one can see that he knows that life is a terribly complex and very temporary phenomenon, or because he lacks a sense of his own mission. Although he has been in politics for a long time, it has not succeeded in reducing him to one dimension, either as a man or a politician. It is actually very difficult to fit Racan's life into certain neatly conveyed facts: from the fact that not even the date of his birth is known—it was sometime in 1943 in the Ebeschbach camp where his parents were killed—to the fact that because of his chronic lack of organization it has happened, let us say, that he has disappeared from the public political scene for a long period, and then in a short time he has appeared with enormous frequency, just as he did a few days ago when he gave an extensive and very thorough interview to OKO, delivered a pithy speech in Babina Greda on Uprising Day, and put himself on display as the opening speaker at the LCY Central Committee's long awaited meeting on interethnic relations, which means that he had to do the lion's share of the work in his preparations as well, and that, by all indications, was an extremely sensitive task that was performed splendidly.

Racan was isolated to a considerable extent when his challengers launched a barrage against him because of his supposedly insufficiently clear, essayist language (one could have expected the attacks against him to have made use of the accusations, familiar to us from somewhere, of using Aesopian language). They thus showed that they were not bothered when Vuk Draskovic defended theses about how Uprising Day was celebrated in memory of that time when "Serb fired on Serb," but were full of alleged misunderstandings and seething dissatisfaction when this was mentioned by the opening speaker, who quite clearly disassociated himself from it as a nationalistic imputation. Inevitably the report, which was better written, aroused more disagreements, especially since in this case, all of this was intensified by the fact that as a collective work it had to be to some extent a compromise document, but in order for Racan to be able to read it, it had to be at least a little independent and not too muddy. If the author had created it without any obligations toward the head of the party to which he belongs, perhaps it would have been sharper and more clearly addressed.

In this journalist's independent opinion, its central theme is the warning that "We know from experience that any nationalism is dangerous, and that any nationalism can grow into open counterrevolution, just as is the case with Albanian nationalism." Since Serbian nationalism was frequently cited as being the one currently escalating, indirectly at the meeting and in the report, and often directly in the discussion, one may ask whether today it has already taken the form of counterrevolutionary action. Racan did not answer this directly.

But if Serbian nationalists are seeking to refashion Yugoslavia, then they, just like those who demand "a Kosovo republic," are destabilizing Yugoslavia, and in view of its delicate interethnic balance, that can easily threaten its revolutionary foundations. The report asserts that the deterioration of interethnic relations "has also been strongly influenced by the exacerbation of individual ethnic questions and their alleged solution by ignoring or rejecting the Yugoslav federal community of equal peoples and nationalities. The opening of an individual ethnic question outside of overall ethnic relations is not only a demand for new solutions in the political integration, for instance of the Serbian or Croatian people throughout Yugoslavia, but also thereby, through its independent consequences, a demand for restructuring and refashioning the SFRY." Racan also spoke about the quarrels over who had done how much for the Yugoslav cause, attributing to oneself great services and accusing others of great injustices, and thus actually justifying one's own national programs and the policy of isolation and a lack of confidence in Yugoslavia; about the double standards, according to which the same action is more and more often being interpreted in one area as a regular expression of ethnic rights and interests, and in another as a notorious nationalistic incident; and about the threat to Yugoslav federalism posed by paternalistic concern about parts of



one's people in other republics, recalling Tito's idea that there could be no democracy without ethnic freedoms, and vice versa.

A sort of hand of fate can be seen in the fact that this hot potato of interethnic relations came into Racan's hands, because he entered high-level politics, the highest Croatian party leadership, with spectacular rapidity, without being even 30 years old, at that time when Croatia was settling accounts for its Maspok [Mass Movement] sins, and when the first criterion was not letting a single nationalist get through, even if people who were not nationalists were stopped because of it. His career was rapid, but at that time his speeches were slow, long, and boring. One cannot say that he handled politics very well: he did not have experience, and there were great obligations and expectations, but he was also not below the average of the then predominant monotony in Croatian politics. He probably also suffered some traumas during that time, because the unkempt cultural workers who came under his job description then did not have any sympathy for his youth or any indulgence toward his political apprenticeship. Afterwards he became lost somewhere in the Kumrovec political school, and either because he matured in the relative peace and charged his batteries, or because some other changes happened to him—sometime around then he suffered a serious traffic accident, was at death's door, and as he once said later on, he had to learn everything all over again, from speaking to kissing, after which a person probably can no longer remain the same—it was only when Ivica Racan returned to politics 4 years ago that he was much more of a man than a politician.

When the old guard of Croatian politicians retired en masse, Racan, together with Suvar, was elected to the highest Yugoslav party leadership, from the list on which Milka Planinc and Jure Bilic were also candidates. At that time the party public began to perceive him as Suvar's opposition, although earlier, while Suvar was famous as the leftist enfant terrible of Croatian culture and politics, their relations were good. Although Racan was never a stage politician, or a person working behind the scenes and concealing himself from the public, either, he somehow, almost imperceptibly, as if in the background, took several major steps, without making a lot of noise about it and almost, as one might say, with his left hand. At the time when the signs of the leadership's entropy had already caused public consternation, he initiated a partywide discussion, which means that he made it possible for the party's membership to influence it, but afterwards the leadership managed to waste completely the high scope of that courageous step and of that great party turmoil. That, however, is not Racan's fault. At the time of the preparations for Suvar's great ideological plenum, when it became clear that an attempt was being made to turn it into a reprise of the White Book at the Yugoslav level, and when the party's Presidium, after great resistance from the public, began to changed the planned plenum for sifting out enemies into a party summit for seeking friends, Racan was among those who attempted the impossible. Two years ago, when the LCY

Central Committee was discussing the Kosovo Gordian knot, and the Serbian people were sending loud messages from Kosovo to the park across from the Assembly about their mass presence, and Solevic and those similar to him were just beginning their trade, Racan was given the task of going on an awkward negotiating mission while Serbia's leaders, along with others, were sitting in safe places and drinking whiskey with ice, and pumps and other equipment were ready to act on command.

When Croatia was supposed to provide someone for the post of party president, Racan's nonchalance and his obvious lack of sufficient interest could by no means be compared with Suvar's diligence and his fervor on the job, the most spectacular evidence of which, in terms of its consequences and repercussions, was his speech at the meeting of the Serbian Central Committee. Racan delivered his preelection speech in Slovenia, recalling on that occasion that Yugoslavia was not only a state, but also a social community, thus stressing that policy of Tito's which knew that relations among peoples in this region preceded their state communities, and that those relations, regardless of what they were like, would have to exist even if the states collapsed. Although at that time Croatia was allegedly more inclined toward Racan, that did not materialize in any form, not just because it was fleeing any decision whatsoever at that time, and almost did not dare to give any sign of life, even a breath, but also because this was actually not so much support for Racan as a lack of support for Suvar. After the election, however, when Suvar turned his coat and when soon people in Serbia were raving about replacing him quickly, while he was on the way, Racan was the first to reject this, and so Suvar, in his work in the party presidium, could always rely precisely upon Racan's principles. One of Racan's friends said that his mission in this was to show how one could remain a man even in hard times, and that in politics, which is basically a whore, one does not have to be inclined toward changing sides, but can preserve a clean image and moral dignity.

In his political convictions, Racan is close to Kucan's democratic option, but does not have the latter's initiative and stubbornness. He can also, however, be critical of Slovenes and their self-satisfaction, believing that it shows how much people in that "country" [in Slovene in original] suffer from provincialism. In disputes with that other option which represents economic and political conservatism, however, Racan shows an enviable degree of patience, conciliation, and tolerance, thus proving that he is not a man of sudden judgments and quick speech, but also not one of impressionable inclinations and eellike convolutions. He thinks that politics in Croatia should have its own strongly marked identity, and that it should not constantly avoid a more precise self-definition. Being as circumspect as he is, however, he feels that it is binding upon him in some way and that it would not be in order for him to give lectures to it by defending firmer and clearer positions on the public scene than those of the republic leadership. His detractors claim that that position of his, which he declares to be self-censorship, is actually his alibi.

Those who sit in closed meetings where fighting goes on, however, do not share that opinion.

Now, when the electoral assignments have begun in Croatia, Racan is being discussed in connection with the post of the top party leader in the republic. He is not the only candidate, naturally, but in contrast to several others, he is not showing any signs of sufficient interest

this time either. Ivica Racan is not one of those who are considered strong politicians, but he is also not considered to be one of the weak people either. He simply likes to recall the old Chinese proverb that you should not throw stones at someone else's house if your own is made of glass. Racan lacks one significant characteristic for being a truly successful politician: a passion for politics and for a high position for himself in it.

## GERMAN DEMOCRATIC REPUBLIC

### GDR's Centralized Banking System, Policies Described

26000663b Warsaw GAZETA BANKOWA in Polish  
No 23, 5-11 Jun 89 p 1

[Article by Joachim Konieczny: "The GDR Banking System"]

[Text] The discipline of monetary circulation is considered to be very important in the GDR. Emission targets are strictly defined and included in the plan. Both the amount of currency in circulation and the size of credit for enterprises are planned. Monetary plans are an element of the program of socioeconomic development of the country. The great discipline in state expenditures and revenues and the budget surplus secured make the accomplishment of these tasks easier.

Like the entire economy of the GDR, the banking system is centralized. No opportunity for individual institutions to compete among themselves has been provided in it, and all economic units have been assigned to appropriate banks. As the emission institution, the State Bank is at the apex of this system which was recently presented in BERLINER ZEITUNG. The volume of currency in circulation in the GDR which by the end of last year amounted to 15.6 billion marks is estimated to be relatively small compared to other socialist countries.

Financial services to the socialized economy are the second basic function of the central bank. All industrial, construction, transportation, communications, and domestic trade enterprises have accounts at the State Bank. Every day, 3.9 million operations in the volume of 7 billion marks are performed for these accounts. About 90 percent of these transactions are accomplished without cash, and 100 percent are done by computer devices. At present, as many as 46 percent of the operations are already performed without written documents, using magnetic tapes and other information carriers.

The bank influences the course of economic processes in a desirable direction through its credit policy. The interest rate is a significant tool in performing this function. The basic rate in the GDR amounts to 5 percent. In specific cases, such as late payment or low creditworthiness of a client, the rate may be raised to 12 percent; on the other hand, it may be reduced to as little as 1.8 percent in order to facilitate desirable operations.

Branches of the bank are direct partners of the combines. They may specialize in particular industries serving enterprises with similar lines of business. In addition, they participate in the preparation of production plans of combines and investment projects, also monitoring their execution.

The finances of over 4,000 agricultural production and gardening cooperatives and other units in this economic

sector are served by the Bank of Agriculture and the Food Economy. Within the sphere assigned to it, it performs functions similar to those of the central bank with regard to its clients.

In their turn, cooperative banks serve crafts and small-scale industries. These institutions operate on the principle of a cooperative; their members make specific financial contributions. These banks provide standard bank services, such as the maintenance of accounts for cooperative and private crafts, as well as private trade and public catering, along with credit operations. The rate of interest on loans is the same as in the state banks; the maximum period of repayment is set to be 8 years.

The German Foreign Trade Bank, Inc., more commonly known under the abbreviation DABA, offers financial services for foreign trade transactions. Its basic task is settlements in international transactions of foreign trade enterprises. This bank also acts as the recipient of loans and creditor both in the domestic and the international market. Besides, it performs consultative functions in the sphere of international finance for the foreign trade sector.

Savings banks belong to the most popular institutions in the GDR banking system. From the point of view of organization, these are communal economy units reporting to local people's councils. In their financial operations, they follow the guidelines of the chairman of the State Bank who also has oversight powers with regard to them. Financial services to the populace are the basic task of these banks. They offer savings accounts, perform transactions, provide consumer credit, and in case there is a need locally, they expand the scope of services by adding those typical for cooperative banks.

Noncash transactions in the GDR are relatively extensive: 70 percent of the income of the populace ends up in the accounts, and 20 percent of purchases of manufactured goods are paid for by checks. By the end of last year, 151.6 billion marks had been accumulated in the savings accounts. Thus, every statistical citizen had saved 9,000 marks, which amounts to more than seven average monthly wages. The interest rate on savings deposits used in the GDR is low, merely 3.5 percent. However, this is the real rate because, if information in the statistical yearbook is to be believed, prices are stable. However, it needs to be noted that rapidly growing savings (by 50 percent in the current decade) are the result not only of the thrift of that society but also of delaying the demand which is not met.

## HUNGARY

### Austrian Telephone Cable Joint Venture Announced

25000426c Budapest NEPSZABADSAG in Hungarian  
2 Sep 89 p 10

[Text] An Austro-Hungarian joint enterprise for the manufacture of telephone cables has been formed under

the name "Duna-Kabel Ltd. Liability Corp." It is expected that with this enterprise the amount of foreign exchange paid for imported cables can be reduced.

### **Bonds To Be Sold in Luxembourg**

25000424b Budapest NEPSZABADSAG in Hungarian  
25 Aug 89 p 4

[Text] The Hungarian National Bank plans to issue 7-year bonds to be placed publicly in the amount of 75 million ECU's (\$82.5 million). The annual interest rate on the bonds is almost 10 percent. The bond issue transaction will be signed on 15 September.

### **Unemployment Compensation Statistics Released**

25000425d Budapest NEPSZABADSAG in Hungarian  
30 Aug 89 p 4

[Text] The National Labor Market Center has summarized the data concerning unemployment compensation during the first half of the year. According to the report 4,625 persons took advantage of this support. The number of persons receiving unemployment compensation is about one-fifth the number of persons seeking jobs at employment offices.

A total amount of 48.5 million forints were paid out to persons requesting unemployment compensation. The average amount paid to unskilled and trained workers did not reach the 3,700 forint minimum wage. This is because in most instances employment relationships are terminated by the notation "Quit" in the workbook, and such persons receive only 65 percent of the average earnings, which are low anyway.

Almost two-thirds of people receiving unemployment compensation receive less than 4,000 forints total.

The average number of days in which unemployment compensation is claimed is 79. Sixty percent of persons living on unemployment compensation are between the ages of 30 and 50.

Among unemployment compensation recipients the number of white collar workers, high school graduates, and persons with a higher education is relatively high. This can be explained by the fact that persons with higher education can better represent their interests. They seek compensation without delay after obtaining the needed information. They prefer receiving unemployment compensation to accepting a job not commensurate with their abilities, which would ruin their future chances. On the other hand, analysis shows that the high rate of unemployed persons with an education can be credited to the fact that there is not a sufficient number of vacant jobs these persons could fill.

## **POLAND**

### **Bank Offers Attractive Terms to DM Investors**

23000222 Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 30 Aug 89 p 23

[Article by pp.: "Polish Bank Offers High D-Mark Interest Rates"]

[Text] The political reforms in Poland and the efforts to restructure the economy evidently also imbues this East Bloc country's capital market with new attractiveness. At any rate, more and more German investors deposit money in D-Mark currency accounts in Poland; converted into U.S. dollars, approximately \$4 billion have been paid into these accounts so far. Investors with liquidity are being wooed by some Polish banks, but more recently also increasingly by the German subsidiary of Polska Opieki SA (PKO), the Pekao Foreign Trade GmbH headquartered in Frankfurt. This organization courts in letters "savers who do not want to squander interest and want to utilize the opportunities of favorable financial investments" and offers so-called C-accounts.

Actually, the Polish bank has some attractive offers for German investors. At present, it pays 6 percent for a fixed term of 6 months; for a 1-year term, it pays 7 percent. The financial institution pays annually 8 and 9 percent for 2- and 3-year fixed investments. With that offer, this German money-collection agency is in some cases noticeably higher than domestic banks. The investors should make sure, however, that they do not need their money before the agreed-upon fixed term, because in that case, the paltry interest rate of only 1 percent is paid for all fixed terms.

Investors depositing money in Poland must, however, also run a greater risk than in the FRG. This, at any rate, is pointed out by the managers of the Mitteleuropäische Handelsbank [Central European Commercial Bank] which carries out the transactions for Pekao and transmits the money to Warsaw. In international financial markets, Poland is considered an unsafe debtor country in view of the approximately \$40 billion in foreign debts. Up to now, however, interest and repayment of private investments have always been settled punctually.

The noticeably expanded publicity campaign of the Polish money-collection agency, which, according to its own statements, has already garnered 150,000 accounts of German investors and Polish expatriates, has also reached the Federal Banking Supervisory Office in Berlin. At the moment, that office is considering whether the transactions by Pekao are a banking operation subject to approval under the Banking Law.

### More Direct Trade, Enterprise Contact With Ukraine Noted

26000677h Warsaw RYNNI ZAGRANICZNE in Polish No 71, 15 Jun 89 p 8

[Article by (TEK): "Exhibitions of Ukrainian Enterprises in Lublin"]

[Text] Pursuant to an agreement signed by the PIHZ [Polish Chamber of Foreign Trade] Branch in Lublin and the Lvov Branch of the USSR Chamber of Commerce and Industry, an exhibition of goods, services, and production capacities of Ukrainian economic units was organized in Lublin. The exhibition was located in the building of the PZPR City Committee at the Defenders of Peace Street, 1. Technical facilities were provided by the Ukrainian side with the participation of the company Vneshkontaktservis from Lvov, whereas the Polish side provided exhibition halls with a surface of 500 square meters, and offices for the management and services of the exhibition, as well as for conducting negotiations.

The exhibition was organized along the guidelines of noncurrency exchange. The Polish side provided hotel rooms and per diem payments for 64 representatives of Ukrainian enterprises and technical aid in setting up the exhibition.

Establishing commercial and cooperative contacts was the goal of the exhibition. It was achieved, as is best shown by preliminary agreements signed by Polish and Ukrainian enterprises. About 100 units representing all sectors of the Polish side, from the state to the private, made offers of direct commercial and production cooperation. A contract between the Centrum Department Stores in Lublin and the Central Department Store in Lvov for more than 400,000 rubles was signed. Further preliminary agreements, and possibly contracts, will be signed in September 1989 at a similar exhibition in Lvov.

The interest in cooperation was considerable on both sides, that is, among Ukrainian enterprises and Polish economic units. Many Polish units stated their willingness to undertake immediate exchanges, offer services, or embark on joint production. Undoubtedly, a complicated system of foreign trade organization on the Soviet side and difficulties on both sides due to price-setting systems, the level of prices, and the current exchange rates of the ruble against the zloty and the ruble against the dollar are an obstacle to signing contracts.

In general, it needs to be noted that the assortment of goods and production capacities shown by the Lvov side was rather modest, especially compared to the actual opportunities and assortment of production of the enterprises which took part in the exhibition.

The Lublin exhibition is the beginning of broader, long-range cooperation in many fields. This is a valuable initiative in developing direct relations between enterprises. The cross-border trade, under way for a mere 2 years, resulted last year in the turnover of goods

amounting to 450 million rubles and 16 agreements on direct cooperation between enterprises.

Jan Mazurek, director of the Lublin Branch of the PIHZ, quoted examples of such cooperation. For example, the POM [State Agricultural Machine Station] in Zamosc which produces combines for harvesting hops signed a cooperation agreement with the Production Association from Lutsk, pursuant to which it will receive transmission chains not available domestically in exchange for manufactured combines. In turn, the District Union of Dairy Cooperatives in Lublin cooperates with the Brest Agroindustrial Combine, supplying tank scales in exchange for stainless steel and tractors.

Chairman of the PIHZ Tadeusz Zylkowski stated at the opening ceremony of the exhibition that the development of bilateral Polish-Soviet relations is entering the stage of implementing merchant practices, and this is why good mutual information is necessary. It will be provided by a Polish-Soviet consulting company which is to be set up at the Lublin Branch of the PIHZ. During the exhibition, a preliminary agreement in this matter was signed.

Current information available to the Lublin Branch of the PIHZ shows that the offerings of Polish units at the exhibition in Lvov in September of this year will be richer and more varied. From the Polish side, state enterprises, cooperatives, companies, and private enterprises, mostly from the Lublin area, as well as from Rzeszow and Kielce Voivodships and Warsaw, will take part in the exhibition.

### Polish-Czech Direct Production Cooperative Agreement Viewed

26000677a Warsaw RYNNI ZAGRANICZNE in Polish No 80, 6 Jul 89 p 2

[Article by (Jok): "Road Is Open to Direct Contacts With Czechoslovak Companies"]

[Text] As a result of protracted negotiations, an inter-governmental agreement on direct production and scientific-technical cooperation between enterprises and organizations of Poland and Czechoslovakia was signed in Warsaw in late June of this year. This is yet another agreement opening the way to new forms of cooperation following the previously signed agreements with the Soviet Union, Bulgaria, and Hungary.

The agreement details the framework for the principles of direct production and scientific-technical cooperation leaving it up to the interested enterprises and organizations of both countries to show initiative in establishing such contacts. In their turn, government agencies will provide help in developing new forms of cooperation.

The agreement applies to direct joint actions by the organizations of the two states, other than specialized units engaged in foreign trade, which are specifically



intended to develop production and scientific-technical specialization and cooperation, increase the efficiency of production and scientific research, implement the accomplishments of scientific-technical progress in production, streamline technological processes, utilize production capacity and research potential more completely, and increase labor productivity. Direct contacts will be developed following the signing of corresponding contracts between the interested enterprises.

The exchange of goods and rendering of services within the framework of direct cooperation will require the signing of contracts independently or through organizations entitled to operate in the field of foreign trade. The execution of such contracts will proceed along the guidelines established in long-range agreements on mutual deliveries of goods and payments and annual protocols for these agreements.

Organizations involved in direct cooperation may set contract prices for deliveries and services within the scope of:

- mutual exchange of prototypes, single instruments, equipment, tools, materials, subcontracted assemblies, parts and components, machinery and mechanisms, and other products,
- the filling of one-time production orders on unused production capacity, and delivery of the materials necessary to this end,
- transfer of research and technical documentation which does not contain discoveries, inventions, and know-how,
- execution of scientific and research, design, and experimental work,
- making research instruments, stations, and equipment, single machines and pieces of equipment available for use.

Settlements for the deliveries and services within this scope will be carried out in transferable rubles, and following the adoption of a corresponding international agreement, also in national currencies. Deliveries of goods and provision of services other than those mentioned above will be settled for at prices set pursuant to the principles of price setting in effect in the CEMA. The reservation that contract prices cannot set the precedent for setting foreign trade prices for analogous deliveries is also essential.

With a view to ensuring greater flexibility, the organizations cooperating directly may coordinate the tentative value of mutual deliveries for a given year without detailing the specific assortment of goods, services, and their prices. These details will be established later in contracts. With regard to the documentation transferred, the reservation has been made that it cannot be published or made available to other interested parties without the consent of the organization from which it was received.

The agreement signed at present is in effect until the end of 1990. However, it will be automatically extended for subsequent 5-year terms if neither of the parties gives notice of withdrawing from it 1 year before the respective term of its validity expires.

Polish and Czechoslovak enterprises have already established direct contacts before the signing of the above agreement. Nonetheless, it should be expected that this agreement will facilitate using the new forms of cooperation. Yet, it appears that the issues of mutual deliveries of goods and provision of services within the framework of direct contacts have not been resolved in an adequately flexible manner.

### **Budgetary Procedure in Parliament Proposed**

26000658 Warsaw GAZETA BANKOWA in Polish  
No 22, 29 May-4 Jun 89 p 16

[Unattributed item: "Proposal for the Budgetary Process in the Polish Parliament"]

[Text] 1. The parliamentary budgetary process begins no later than 1 September of every year and lasts until 30 November at the latest.

2. The draft of the central budget, as well as other financial documents (e.g., the balance of payments), is submitted to the parliament on 31 August at the latest, and at the same time is released to the public. The Central Annual Plan is eliminated (analyses in natural units may only appear as analytical auxiliary documents).

3. The parliament does not consider local budgets. The central budget (state budget) contains only the provisions related to proceeds from eventual subsidies to the local budgets. Other data on local budgets are for reference (e.g., they state what the expenditures of local budgets should be in order to carry out the assignments of the NPSG [National Socioeconomic Plan]).

4. The complete documentation released to the public contains, among other things, a draft budget law, an economic forecast for 2 years, a projection of budget implementation in the current year, analytical tables on the expenditures and revenues of the state both in the past years, the current year, and a projection for the new fiscal year, a list of revenues and expenditures broken down by ministry and taking into account the main groups of government expenditures, and so forth.

5. The Budget Bureau which prepares an analysis of the draft budget before mid-September operates at the parliament. The analysis is released to the public. The bureau is an institution operating year round, a specialized professional economic and analytical unit working for the needs of the parliament and replacing the existing social bodies of the Sejm. Public discussion of the draft budget proceeds through all of September.

6. Between 1 and 15 October, the first reading of the budget and other documents in the commissions of the parliament is held. Recommendations of the commissions are not binding.

7. On 15 October, the government presents a revised economic projection and the final draft of the budget.

8. Between 15 October and 15 November, the key process of negotiations on the budget between the administration, the budget commission, and the leaders of the caucuses of political parties in the parliament is held.

9. Between 15 and 25 November, the parliament votes on the budget law. A failure to adopt the package of documents within this time frame means the resignation of the government.

10. Before 10 December, the parliament and the government adopt all legal acts on the economic instruments in the new fiscal year.

11. In 1989, it is necessary to amend the budget law and other financial documents. It is done according to the traditional procedures prior to 15 August of this year. Simultaneously, the government carries out work on the draft budget for 1990.

12. Together with amending financial documents for 1989, the parliament adopts a law on eliminating the budget deficit within 2 to 3 years, in keeping with the roundtable accords. The law establishes the admissible amounts of deficit for this period of time. In view of the high rate of inflation, the amounts are set as a ratio of the budgetary income in its entirety.

The law also establishes admissible levels of budgetary expenditures as a percentage share of the national income. This share is reduced in subsequent years, which reflects progress in eliminating the redistributive function of the budget.

13. The amendment law and the law on the elimination of the budget deficit provide the foundation for final work on the draft 1990 budget.

#### **Focus on Lomza Region's Economic Potential, Needs**

26000676 Warsaw RYNKI ZAGRANICZNE in Polish No 75, 24 Jun 89 pp 6-7

[Article by Milosz Weglewski: "Matchmaking With the World"]

[Text] Lomza Voivodship was the first in the country to organize "The Exchange of Economic Initiatives." This was a precedent-setting attempt at drawing up a comprehensive balance of the economic potential of the region and bringing to light the reserves dormant in it. The list of local needs and opportunities, expanded in the course of the event itself was presented to potential partners inside our country and abroad as a catalogue of specific offers of

cooperation. Clearly, local economic entities which, perhaps, shoulder most of the burden of the economic invigoration of the voivodship have not been forgotten.

In our report from the event (see RYNKI ZAGRANICZNE, No 24, 25 February 1989) we wondered whether it would remain a one-time occurrence after which dead silence will again set in and whether those carrying it on would be found in other areas of the country. Three months later, we have to admit that these apprehensions were exaggerated. Events of the type "Your Opportunity is in Lomza Voivodship" are beginning to proliferate right now—within days, such an event is to be organized by Chelm Voivodship; Olsztyn, Lodz, and Biala-Podlaska are next. It is quite possible that the offerings of other voivodships will be richer and more complete. After all, Lomza Voivodship is a Cinderella on the economic map of the country. For the time being, however, others are taking advantage of the first experience of Lomza which has already taken yet another small step forward.

It is too early for the results of the February exchange to be expressed in zlotys or hard currency, but specific developments are many already. A concrete enterprise producing sought-after circle blocks, culverts, and curb blocks has been in operation in Przytul Gmina. Partners in this enterprise—the local SKR [cooperative of agricultural circles] and a private person—met each other and struck a deal during the exchange. This example, one of many, may be strikingly banal. However, I would not want to rank the local, nationwide, and foreign aspects of the Lomza initiative in order of significance. With regard to a majority of the offers submitted, it is hard to conceive of a foreign partner; bringing together local entities which previously knew little or nothing about each other appears to be the most important issue. Other intended undertakings cannot be started with zlotys, therefore, a foreign partner would be desirable. In recent months, a lot has happened in this sphere as well.

A meeting between the local business community and representatives of the Bureau of the Commercial Attache in Rome, with commercial counsellor Jan Giedwicz also participating, was the immediate pretext for returning to Lomza. The composition of participants in this meeting was not random. Authors of several dozen specific proposals for cooperation submitted by state industrial and trade enterprises, cooperatives, state farms, and also private persons to small and medium-size Italian businesses were present.

These proposals, carefully selected from among several hundred generated by the February exchange, were placed in a specially published catalog "Invitiamo alla collaborazione" which was distributed in the Italian market during and after the recent visit there by Minister [of Foreign Economic Relations] Jastrzebski reaching, among others, regional associations of commerce and industry which unite local entrepreneurs. The bulk of proposals concern agricultural and food industries, especially the processing of animal products, light industry (cotton and also toy-making industries), and machine-building and electrical equipment industries, as well as construction.

There are also proposals for tourism, especially hard-currency tourism, in which voivodship authorities are the offering party. Finally, there is a collective offer by private individuals who have spare warehouse and production-shop space (with surface areas between 500 and 3,000 square meters) seeking a foreign partner or cooperating party.

These are specific proposals. They include an outline of economic operations to date and the potential available in this sphere, a draft of intended undertakings and their export prospects, estimated costs depending on the variant adopted, as well as the kind of guarantees for assets. Eventual Italian partners are expected to participate in joint-venture companies, provide loans for the construction of new facilities, modernization of the equipment pool, changing production lines, and, finally, make contributions in the form of technology or equipment. The hard-currency needs are estimated to range between \$100,000 and \$10,000,000 for individual undertakings.

Representatives of the Bureau of the Commercial Attache in Rome did not bring specific proposals of the other side yet, but they did convey messages of preliminary interest from Italian entrepreneurs.

The meeting in Lomza was primarily to prepare local entrepreneurs for eventual negotiations with Italian partners. This is all the more essential because units over there have no experience in dealing with Western businesses. Even major exporters there have not thus far been involved directly in foreign trade resorting to the brokerage of central organizations or companies. After all, the procedures for setting up a joint venture are much more complicated than conventional trade. Therefore, Counsellor Giedwicz warned against exorbitant optimism, recommending caution and even skepticism to a degree.

Caution should be exercised with regard to both the proposal for a joint undertaking and the person of the foreign partner. The proposals from Lomza Voivodship involve, as a rule, large enterprises and, therefore, large assets. It is to be expected that it will not be proportionate to the potential of Italian partners, among whom there will hardly be large companies.

The credibility and reliability of eventual partners is a separate issue. The counsellor pointed out examples of confident foreign partners hardened in economic battles making a very favorable impression on those cooperating with him whereas the standing of their company is mediocre, and they frequently cannot deliver on the offer. With this in view, the Bureau of the Commercial Attache promised to make available, at the request of those interested, complete information about the Italian partner, at least through the Polish trade companies operating in this market. Finally, the need was stressed to assign for negotiations people with relevant skills, also from the point of view of language. After all, a majority of entrepreneurs with self-respect over there speak English; smaller ones frequently speak Italian only, and Polish is not spoken at all. Help in this matter was

promised by Director Powazka from the Department of Export Promotion at the Ministry for Foreign Economic Cooperation and by voivodship authorities who intend to sponsor a series of training sessions.

Lomza Voivodship very much counts on cooperation with Italy; however, voivodship authorities are not overly hopeful. It is believed that if five to 10 Italian entrepreneurs take advantage of the Lomza offering the effort invested in this undertaking will not be wasted. However, let us leave Italians alone. Following the exchange, Lomza Voivodship has also attracted much interest from entrepreneurs in other countries as well. It was visited by entrepreneurs mostly from the FRG and Austria; the Canadian Bureau of the Commercial Attache requested materials as well; local proposals also went to the United States and Israel. I asked Marek Strzalinski, the voivode of Lomza, about the specifics of this interest:

[Strzalinski] People come here who represent various industries and extremely varied potential; however, they are most interested in cooperation in the agricultural processing and foodstuffs industry, tourism, and small-scale industrial ventures. We estimate preliminary proposals in the first of these fields alone to be worth dozens of millions of dollars. They involve, among other things, deliveries of technologies for the processing of farm products and foodstuffs, provision of credit for purchasing such equipment—often on more favorable conditions than those offered by the World Bank, and joint ventures in trade or public catering. For example, we have received, among other things, an offer to open five fast-service bars, a joint potato-processing enterprise mainly producing French fries intended for exports, and production of health foods based on our land and raw material resources. We are negotiating in the matter of setting up the production of water meters and thermostats for central heating, in which, incidentally, we are very much interested given the enormous needs in this sphere. We have also received an offer to set up a furniture factory, a new dairy plant, and a meat-packing enterprise... These talks are at various stages of progress, and it is too early for details.

[RYNKI ZAGRANICZNE] Is this business traffic a result of the February exchange?

[Strzalinski] I would not want to make this event absolute. However, the fact remains that the exchange was set up because this traffic and interest were previously not here. After the exchange, there has been a major change.

#### **Activities of Water Fund for Rural Regions Described**

26000656 Warsaw GAZETA BANKOWA in Polish  
22-28 May 89 p 9

[Article by Adam Dobrowolski: "Water for Rural Areas"]

[Text] On 1 March 1988, the Rural Water Supply Aid Fund began its operation. This is an autonomous church

structure that possesses the authority to conduct economic activity. The Church Agricultural Committee performs the functions of the fund's supervisory council.

It was not difficult to register this fund. It was registered on 2 December 1987, less than 3 months from the date that the Polish primate created it by a foundation act.

The purpose of the fund, in accordance with its statute, is to help supply rural areas with water. It benefits farmers who run family farms.

The creation of the fund was made possible by a \$10 million grant from the U.S. Congress. This sum is to be utilized over the course of 5 years. Moreover, this year the fund received the sum of 520 million zlotys from the FRG and material gifts from the Norwegian society valued at approximately 10 million zlotys.

Given the free market rate of the dollar, it might seem that \$10 million is a tidy sum. However, the fund cannot simply sell dollars at the most favorable rate. Monies for the operation of the fund are obtained in a very complex way, through the import of goods and their sale to private farmers.

The U.S. Government institution AID (Agency for International Development, which administers U.S. Government foreign aid) and the Catholic Relief Service (CRS, a foundation of the U.S. Catholic Church) act as intermediaries for the fund. AID opened a letter of credit for the CRS, which, on the basis of need by the fund, signs contracts with firms that supply the indicated items to Poland.

Based on marketing studies, it has been determined that the most favorable currency conversion rate is obtained through the import of internal combustion chain saws and hand knapsack sprayers.

In the second half of 1988, based on a contract valued at \$920,000, CRS signed a contract with the FRG firm Solo GmbH to import 3,000 chain saws into Poland. Their sale, conducted on the basis of a commission agreement by the Agroma PHSR [Farm Equipment Trade Enterprise] yielded income amounting to approximately 850 million zlotys for the fund.

The next contract, valued at approximately \$1.5 million, concluded by the CRS with the same firm, is for sprayers. Their sale by Agroma and by Hortex will bring the fund approximately 1.5 billion zlotys.

Since its work began, the fund has acquired approximately 3.5 billion zlotys.

What has been done with this money?

We should begin by explaining the principles according to which the fund grants aid. It cooperates with social committees for the construction of water supply systems [SKBW] or sewage systems to finance capital spending projects implemented in a so-called social act, i.e., with residents contributing their own share of 30 percent.

The fund finances up to 30 percent of the total cost of the capital spending projects, while the rest is covered out of state budgetary funds.

Aid is granted during the last year of construction, under the condition that it will be completed in the given year. Other criteria for granting aid include a statement from the local fund inspectors that the aid will help shorten building time, that the potential for state grants has been exhausted and that due to the lack of funding, the capital spending project may be terminated or drawn out over several years.

Contracts (a promise that a grant will be awarded) are concluded with social committees, whose recommendations for the granting of aid have been accepted by the fund board. Until the present time, 142 contracts have been signed with the SKBW's throughout Poland.

Fifty-three water supply systems have been built to supply approximately 10,000 farms with water. The fund has shared in the costs of building these water supply systems by supplying approximately 2.4 billion zlotys.

Another 89 building projects will be completed this year.

Further recommendations for awarding grants for the building of water supply systems are being studied.

Fund monies for the construction of water supply systems Polandwide constitute less than 2-3 percent of the funds earmarked for this purpose by the state. However, given the tragic state of farm water supplies (20 percent of rural areas suffer a severe shortage, only 24 percent of farms make use of water supply system networks and in 67 percent of wells, sanitation-epidemiological studies have determined water quality to be poor), aid for water supply system capital spending projects even on such a small scale is of great importance. It also produces a series of added effects: it stimulates social activity, it integrates rural communities, it strengthens the importance of social committees, which in turn eases the pressure on contractors and administrative authorities and it helps to shorten the capital spending process.

A three-person board, directed by the chairman, Dr Maria Stolzman, administers the fund. The entire staff of the fund is composed of 10 persons, including 3 local inspectors who are specialists in water supply and waste management. This is a small number of people for an institution that turns over billions of zlotys.

### **Furniture Industry: Joint Ventures, Currency Problems, Exports**

26000660 Warsaw GAZETA BANKOWA in Polish  
No 23, 5-11 Jun 89 p 10

[Interview with Jan Bandurski, chairman of the board of Furnel International, Ltd.; Wladyslaw Kordel, general director of the Zielona Gora Furniture Factories in Zielona Gora; Zdzislaw Rybicki, general director of the Lubuskie Furniture Factories in Swiebodzin; and Miron



Trzeciak, general director of the Foreign Trade Organization Paged, Ltd. by Hanna Weglewska: "The Status of the Industry"; date and place not given; first paragraph is GAZETA BANKOWA introduction]

[Text] We discussed the financial situation of furniture factories with Jan Bandurski, chairman of the board of Furnel International, Ltd.; Wladyslaw Kordel, general director of the Zielona Gora Furniture Factories in Zielona Gora; Zdzislaw Rybicki, general director of the Lubuskie Furniture Factories in Swiebodzin; and Miron Trzeciak, general director of the Foreign Trade Organization Paged, Ltd.

[GAZETA BANKOWA] Let us try to discuss the status of the furniture industry in this competent group. Could you compare it to the supply of furniture in the stores?

[Bandurski] Generally, I would evaluate the status as mediocre. There are several companies which operate very well; however, several dozen other enterprises are in a bad situation. After all, a factory which under our conditions has a profit margin of 6 to 10 percent appears to me to be a live corpse virtually without development prospects.

[GAZETA BANKOWA] Are you saying this from the standpoint of your enterprise, a joint venture-type company whose growth rates in production and exports many people envy?

[Bandurski] I do not conceal that it is so. Last year, our turnover came to about 20 billion zlotys, this year, we will do 50 billion zlotys...

[GAZETA BANKOWA] How much of it is due to price increases?

[Bandurski] Certainly, this is not to say that we have increased production by a factor of 2.5. However, output for the domestic market will increase by 20 to 30 percent, whereas hard-currency proceeds will increase from \$12.5 million to between \$20 and \$22 million. This indeed means that the volume of exports will increase, because prices in the Western markets increase merely by a couple percent. Let the state industry secure such results...

[GAZETA BANKOWA] Is this the result of the opportunities provided by the format of a company with the participation of foreign capital or of the involvement and managerial skills of its management?

[Bandurski] Both of these factors play a role. The format of a [joint-venture] company makes it possible for us to get around many bottlenecks which the state companies encounter. Here is a specific example: The state industry is choking due to the lack of raw material supply, especially with regard to the boards which are a basic raw material for producing furniture. Our colleagues must reimburse the suppliers for their hard-currency input and feverishly chase the merchandise all over the country. We simply produce the boards ourselves in Jaslo, at a company which is our partner, hence our

branches are not affected by this difficulty at all. This format ensures the smoothness and continuity of our production; it was primarily the reason why we have been able to virtually double our exports within a year.

[Rybicki] That is so, but in your case 85 percent of hard-currency proceeds remain in the company coffers, whereas the rate of retained hard-currency allowances was reduced this year for the state factories from 50 to 40 percent; enterprises producing materials for production get to keep only 20 cents from every dollar they make. These are incomparable amounts. Besides, you have taken over a considerable share of productive assets of partners gaining the ownership of these assets for what in principle is a small sum of money.

[Bandurski] However, these were depreciated assets with low efficiency. This is exactly the point. If the current policy of the government is going to be persistently implemented, then 100 to 150 enterprises have to go bankrupt soon, which means that their production assets will be put up for sale. The only issue is which strong economic units will want to and will be in a position to buy them. If such vigorous enterprises or companies are found then these assets will not be lost—quite the opposite, they will start generating profits...

[Trzeciak] This is quite possible, especially if they receive, like Furnel, a 3-year or even a 6-year exemption from the profit tax. Everyone knows how much of this tax state companies pay, including dividends on the assets held. These definitely are not even conditions. Nowhere in the world, with the exception of socialist countries, are foreign companies treated better than the domestic ones; it is rather the other way around. I suspect that, if we had conditions and opportunities such as Furnel does, we would be increasing production and exports equally fast.

[Bandurski] This is exactly the point. An enterprise must have money for investment and development because this produces additional results. These are, after all, basic rules of the economic game. Therefore, if these rules turn out to apply in our case, why should we not strive to make them common? Let us set up six such companies instead of several dozen companies limping along, and the results for the enterprises and the entire economy will be magnificent.

[Trzeciak] It will definitely be so for the companies. After all, even now many state enterprises are looking for a foreign partner willing to invest as little as \$50,000 because this means an automatic change in the status of the company. However, for the state this would amount to a virtual bankruptcy. Let us imagine that every producer and exporter would retain 85 percent of hard currency, to say nothing of other preferences, and allocate them for whatever development goals are considered the best, actually selling off a considerable segment [of hard currency] at auctions at 3,000 to 4,000 zlotys [per dollar]. With the remaining 15 percent, the state should manage to service and repay the debt, as well as to

import all raw materials and primary agricultural products. This could not last long...

[Bandurski] However, if such exports are going to grow at a rate similar to ours, the 15 percent of, say, \$50 million will mean more for the state than 40 percent of \$10 million. This is how we must look at this.

[Trzeciak] Indeed, in the longer run it could be like that. If only our Western creditors would understand this as well, they would postpone our payments for, say, 15 years and would allow the companies to transfer to the state treasury only 15 percent of proceeds from exports. However, this is not the case at present, and we have to shoulder the burden of debt.

[GAZETA BANKOWA] Therefore, we have found that the format of companies would be favorable under our circumstances and that these very circumstances stand in the way of making it universal...

[Kordel] Demanding for state enterprises the terms offered to companies with the participation of foreign capital does not make sense. Since we want to attract the capital we have to create attractive conditions for it. I wish this were enough, because as a result of such marriages the Polish partner has inordinate advantages anyway. However, let us leave this problem alone. The philosophy of our reform is based on the socialized economy; its fate is going to be decided in this sector even if some people believe that this concept is not correct. An automatic transfer of the format of companies to state enterprises is not the issue either. It appears to me that the furniture industry in its current form would have an opportunity to perform as well as Furnel if it were based on healthy economic principles and operated within a healthy economic system. The point, however, is that since 1982 there has not been any economic system in Poland. After all, it is difficult to call a system something that changes once or even twice a year; we frequently learn about the conditions under which we operate in a given year in the third quarter. This is manual control and ad hoc actions rather than the genuine economic automation which both the producers and the economists dream about.

[Rybicki] The environment in which we operate is entirely beyond our control, and it is a powerful influence. For many years, there has not been an inflation-control program in Poland; at present, we are rather

having to do with an inflation-fueling program. In the banking system as well there are shortcomings, to mention just one—the system of evaluation of enterprises by the bank still operates along the old guidelines. The price system is topsy-turvy. Lumber costs 60,000 zlotys per cubic meter, but it also costs 120,000 zlotys. It is at this latter price that we frequently have to buy it for regular pallets.

[Bandurski] All of that notwithstanding, we are still exporting lumber in execution of the earlier Paged contracts. Why are we exporting 450,000 cubic meters of lumber when enterprises experience difficulties in purchasing it, even for producing furniture to be exported?

[Kordel] I would not view such exports as a major problem. The fact that our national currency is good for nothing, which is one of the main obstacles to the development of our economy, is a more significant issue. We have to think hard before we spend a dollar because we do not have enough of them. As a manager, I would like to purchase where it is just plain cheaper, and it is often cheaper in Austria or the FRG than it is in the domestic market. We should buy and sell in places where this produces the best result. However, to this end we need a convertible currency.

[Rybicki] Unfortunately, given the dollar exchange rate in effect, exports have to decline as they become unprofitable. We do not complain about the lack of offers to purchase [our products]; however, at the current conversion rate, the prices we are offered absolutely do not satisfy us, and we have no influence over this, even more so now that export bonuses no longer exist whereas the costs continue to grow monstrously. Something definitely needs to be done about this.

[Kordel] Our industry is not structurally inferior; however, it needs healthy arrangements in order to prove this. We should at least look for solutions which will increase productivity because the productivity of labor in our industry, as well as in industry as a whole, has been declining precipitously in the 1980's. I do not conceal that this is the result of an erroneous status of wage issues. Employees leave state factories for Polonia enterprises or companies where they automatically receive wages twice as high. This involves in particular the most experienced personnel. To date, no better incentive than money has been found. Without this lubricant, the gears of the machine will not turn full speed anywhere.

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